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EDITOR'S NOTE

This is to announce to our readers the initiation of a new special project by *Foreign Affairs*. Beginning next February we shall publish, in the normal format, an issue entitled *America and the World—1978*. Concurrently, beginning with Volume 57, our regular issues will be restyled by the four seasons of the year, with the new issue appearing midway between the Winter and Spring issues.

For some time we, and officers of the Council on Foreign Relations, have felt that those who seek to follow international relations need a thoughtful and lively review of the past year, published promptly after its end, not seeking to cover every single event of consequence but at the same time aiming for maximum perspective. In particular, we believe that the American public's ongoing debate on foreign policy can benefit from such an effort.

Accordingly, the special issue will comprise roughly a dozen interpretative articles, by separate authors, on major themes in world events as they have unfolded during 1978. The conduct of American foreign policy, U.S.-Soviet relations, the Middle East, conflict in Africa, the management of the industrial economies, the Americas (including the Panama treaty), human rights, arms control in all its aspects—these are already clear topics. The selection of others may await developments. While the issue will have a separate Chronology, the essays themselves will be personal, historical in thrust but policy-oriented and analytic in tone.

In every respect this will be a *Foreign Affairs* product, approximately the same length as our regular issues, and prepared under the supervision of the editors. The only difference will be that, whereas we rely on volunteered manuscripts for 70 to 75 percent of our present articles, all the essays in this special issue will necessarily be commissioned.

Obviously, like any major innovation, this is an experiment. We have every confidence, however, that it will come off and be a valuable service, as well as entertaining, to our readers.

The articles in FOREIGN AFFAIRS *do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* FOREIGN AFFAIRS *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any articles, signed or unsigned, which appear in its pages. What it does accept is the responsibility for giving them a chance to appear there.* The Editors.

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Walid Khalidi

THINKING THE UNTHINKABLE: A SOVEREIGN PALESTINIAN STATE

Every time the Palestinian resistance is clobbered, or appears to be so, there is new hope in some quarters that the Palestinian component of the Arab-Israeli conflict will somehow disappear from the Middle Eastern scene. Such was the case after the showdown in Jordan in 1970–71, and the Syrian intervention in Lebanon in 1976; such is the case today after the Israeli invasion of Lebanon. However, the hope will remain elusive because it is based on a fallacy. This is that the salience of the Palestinian component of the Arab-Israeli conflict is necessarily a function of the organizational strength or military prowess of the Palestinians.

II

The Arab states' system is first and foremost a "Pan" system. It postulates the existence of a single Arab Nation behind the facade of a multiplicity of sovereign states. In pan-Arab ideology, this Nation is actual, not potential. It is a present reality, not a distant goal. The manifest failure even to approximate unity does not negate the empirical reality of the Arab Nation. It merely adds normative and prescriptive dimensions to the ideology of pan-Arabism. The Arab Nation both *is*, and *should be*, one.

From this perspective, the individual Arab states are deviant and transient entities: their frontiers illusory and permeable; their rulers interim caretakers, or obstacles to be removed. Champions of pan-Arabism speak in the name of *vox populi*. Their mandate is from the entire Arab Nation. Before such super-legitimacy, the legitimacy of the individual state shrinks into irrelevance. It is these credentials that pan-Arabists of various hues have presented and continue to present, be they a dynasty (the Hashemites), a party (the Arab Nationalist Movement, the Baath, the Popular Front for the Liberation of Palestine), a charismatic leader (Nas-

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ser), or an aspirant to his mantle (Qaddafi).

The oneness of the Arab Nation has corollaries in the concepts of the dignity of the Nation, and the oneness and therefore the inviolability of its territory "from the [Atlantic] Ocean to the [Arab/Persian] Gulf." These concepts together constitute the central value system of the Arab states' system. To be sure, they are not uniformly manifested in the five great regions that make up the Arab world—the Fertile Crescent, the Gulf, the Peninsula, the Nile Valley and the Maghreb—nor in the countries of each region. But for historical, religious and cultural reasons they find powerful resonance among the vast majority of Arabs at every level of society throughout these regions. It is this resonance that gives them sanctity as dogmas. And it is this sanctity that gives them their key functional role within the parallelogram of "*raisons*" that make up the resultant stuff of the Arab political process. These are: *raison d'état, raison du status quo, raison de la révolution*, and *raison de la nation*.

Unlike the four natural seasons of the universe, the four "*raisons*" of the Arab political universe operate concurrently—not in two compartments in opposition to one another but diagonally and dialectically. *Raison d'état* no less than *raison de la révolution* can invoke *raison de la nation,* while even *raison du status quo* can invoke both these latter. Only explicit or transparent *raison d'état* is heresy. The other side of the coin is that "pan-Arab" interventionism, whether offensive or defensive, does not operate only at the level of incumbent elites. It is geared also to counter-elites in the target states. Perpetually Janus-faced, incumbents (whether conservative or radical) look both across the border and at their counter-elites. These latter look across the same border for "pan-Arab" help against their incumbents. Irrespective of the degree or kind of commitment to them, the concepts of pan-Arabism are functionally the most effective tools of change and legitimization in the hands of the Arab political elite.

III

The Palestine Problem encapsulates the concepts of pan-Arabism. It is not difficult to see why. By definition the Palestinian people are an integral part of the Arab Nation. Therefore, by definition the injustice suffered by the Palestinian people was suffered by the Nation. Again, the loss of Palestine is the de-Arabization of Arab territory. It is thus a violation of the principles of the unity and integrity of Arab soil, an affront to the dignity of the Nation.

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Until recently these premises have held unchallenged sway, setting Arab perceptions of Zionism and Israel into a seemingly unbreakable mold. Within this mold the Zionist colonization of Palestine appears as a latter-day Crusade. (The conquest of East Jerusalem in 1967 instantly reactivated memories of its fall and reconquest by Saladin.) Simultaneously, Zionist colonization is but an extension of nineteenth century European encroachment on Asia and Africa. Building on the debris of Western World War I promises to the Arabs, it matured within the womb of imperial Britain. The U.N. partition resolution of 1947 was the outcome of superpower manipulation, a travesty of the principle of self-determination by a country's (Arab) majority.[1] Western support of Jewish immigration to Palestine was an exercise in charity at the expense of others. The Arabs and Muslims have had little difficulty in rejecting Jewish political title to Palestine on the basis of Divine Right. They have some difficulty in understanding the morality of punishing the Palestinians for the Holocaust.

To the Arabs the loss of Palestine was all the more poignant because it entailed the dismantling of Palestinian communal life and the pauperization of the bulk of its people. It was more threatening than the form of European colonialism experienced by most of them. This had been characterized by the imposition of an alien regime of control and administration. As in the case of French colonization of Algeria, Zionist colonization of Palestine involved the double process of the displacement of the resident population and its replacement through massive alien immigration. It was all the more antithetical to the principles of pan-Arabism because Israel occupied a pivotal part of the Arab world, separating its Asiatic from its African halves. It was all the more feared because of its territorial dynamism and the seemingly inexhaustible reservoir of Western and particularly American support it commanded. To many Arabs, especially the bulk of the younger generation, Israel is the beachhead of American imperialism in the Middle East and its executioner. With independence achieved by all Arab states and the process of decolonization almost completed in the Third World, the unique and anachronistic plight of Palestine became all the more intolerable in Arab eyes.

These were some of the basic Arab perceptions, however outrageous they may sound, of the Palestine Problem. Their currency

[1] On December 31, 1946, less than a year before the U.N. partition resolution, the total population of Palestine was estimated at 1,972,559, of whom 1,364,332 were Arabs and 608,225 Jews. U.N. Doc. A/AC 14/32, November 11, 1947, paras. 56 ff.

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and hold were fundamentally unrelated to the popularity or credibility of the Palestine Liberation Organization (PLO), or indeed to its presence or absence. In the first two decades following Israel's creation (1948–65) there was no PLO, and Arafat was an unknown name. This did not prevent these Arab perceptions from conditioning the conduct of Arab states toward one another and toward Israel. Their dominance over Arab minds during this period and to a lesser extent since then (together with Israeli intransigence) has been the principal factor inhibiting the Arab states from realistically coming to grips with the Arab-Israeli conflict. This inhibition is a tribute to the functional role of the Palestine Problem in inter-Arab politics. It is congruent with Arab altruism toward or alienation from the Palestinians or their leaders.

This is not to say that the PLO is irrelevant to a solution of the Palestine Problem and therefore the Arab-Israeli conflict. It is precisely the potentially constructive role of the PLO that the West (particularly the United States) is blind to. (Conversely, perhaps because of the Soviet Union's communist character, Moscow shows greater insight into the PLO's transnational catalytic role.) Western strategy is addicted to the assumption of the autonomy of *raison d'état* in the Arab world. In a sense this is an extension of the European colonial incapacity to understand Afro-Asian nationalism (Churchill, for example, never understood how Gandhi could possess power). To attribute autonomy to *raison d'état* in the Arab world is to transfer Western concepts prematurely to it. It is to misconstrue the nature of the phase through which the Arab states' system is passing. Hence American (and Israeli) reliance on the "dominoes in reverse" sequence: with Sadat hooked, Jordan's Hussein will follow, then Saudi Arabia's Fahd, then Syria's Assad. Meanwhile, the Palestinian dust will have been swept or reswept away under some carpet or other.

To the Arabs, the Arab-Israeli conflict derives from the nonresolution of the Palestine Problem. The cause (the Palestine Problem) has to be seen to have been adequately addressed before the effect (the Arab-Israeli conflict) can be resolved. Only the representatives of the Palestinians have it in their power to transmit the relevant signal to pan-Arab sentiment. This cannot be done by quislings or Uncle Toms, present or future. It is here that the PLO, if willing (which it is), can play a crucial role. With pan-Arab sentiment apprised of the attitude of the PLO, the Arab incumbents, their political pudenda appropriately covered, could endorse the settlement. And with that endorsement such a settlement

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would have an excellent chance of survival.

A PLO-endorsed Arab-Israeli settlement could have a decisive effect on the dynamics of the Arab political process and the future orientation of the entire Arab states' system. Paradoxically it could lead to the consolidation of *raison d'état*. Such a result would require an alternative model to the existing one. Its central premise could be the concept of the Arab Nation in the state of becoming rather than that of being. From this perspective, Arab unity is a potential, the multiplicity of Arab states actual. Thus unity becomes a programmatic goal, not a metaphysical imperative. It would be approached via the existing sovereignties. Its modality would be interstate cooperation and gradual, cumulative, consensual evolution.

Several developments have tended to make possible such an orientation. Chief among these are: (1) the collapse of the United Arab Republic in 1961 and the falling out not only between the Baath Party and Nasser but also among the various factions of the Baath itself; (2) the redistribution of power in the wake of the independence of the North African littoral and the oil affluence of the smaller or less-developed Arab countries, offsetting the advantages of territorial size, cultural preeminence, geopolitical position, historical role, and enterpreneurial and other human resources of the more established states; (3) the death of Nasser; (4) the emergence of a technocratic, development-oriented elite; and (5) the possibilities inherent in interstate cooperation exemplified by the Arab performance in the October 1973 War.

These developments have had a profound, if indirect, influence in generating a mood of greater pragmatism vis-à-vis regional and global relations, including the Arab-Israeli conflict. More directly influencing a pragmatic approach to the Arab-Israeli conflict have been several other developments: (1) the crushing defeat of the 1967 war; (2) the growing awareness of the extent of the U.S. commitment to the security and independence of Israel; (3) a parallel awareness of the limits of Soviet support against Israel; (4) the new self-confidence deriving from oil wealth and the Arab military performance in the 1973 war; (5) the growing Palestinian awareness of what the revolutionary armed struggle can and cannot achieve.

Whether the new model of the Arab states' system will have a chance to prevail over the existing flamboyant and apocalyptic one hinges primarily on whether an honorable overall settlement of the Palestine Problem and therefore the Arab-Israeli conflict is possible.

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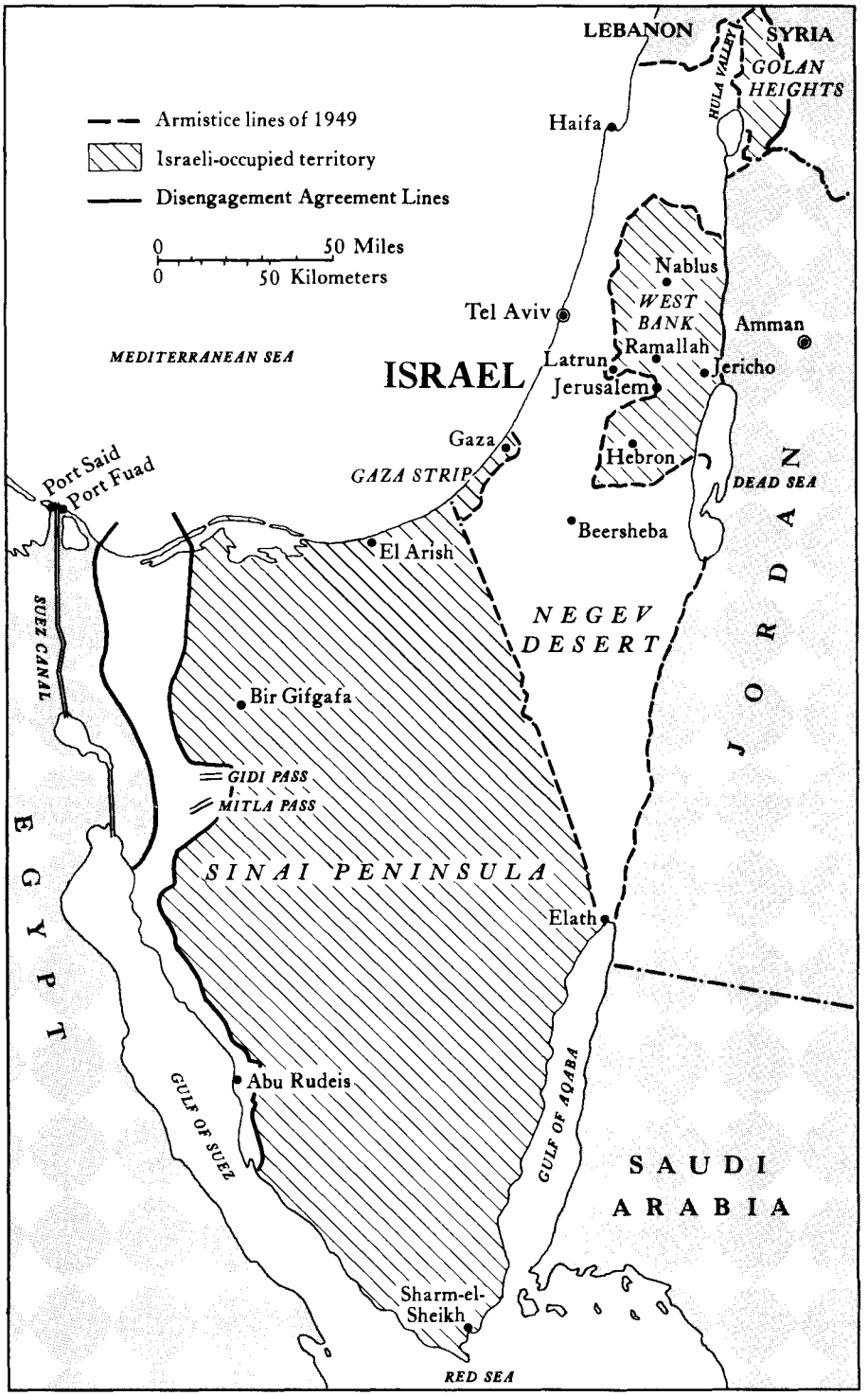

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IV

What solution of the Palestine Problem would constitute a viable component of such an honorable overall settlement? What follows is not a blueprint but rather an inventory, followed by some reflections. It represents the personal viewpoint of the writer.

The Juridical Status of the Palestine State

The cornerstone is the concept of Palestinian sovereignty. Not half-sovereignty, or quasi-sovereignty or ersatz sovereignty. But a sovereign, independent Palestinian state. Only such a state would win the endorsement of the PLO. Only such a state is likely to effect a psychological breakthrough with the Palestinians under occupation and in the Diaspora. It would lead them out of the political limbo in which they have lingered since 1948. It would end their anonymous ghost-like existence as a non-people. It would terminate their dependence on the mercy, charity or tolerance of other parties, whether Arab, Israeli, or international. It would be a point of reference, a national anchorage, a center of hope and achievement.

Of all peoples, the Jewish people are historically qualified to understand this. Only such a state, through PLO endorsement, would win the support of Arab opinion and the majority of Arab states. These results could not ensue from a Bantustan "federal" formula under a Hashemite dressing, or the perpetuation of Palestinian minority status under international guardianship. They are less likely to result from an Israeli mosaic of Indian reserves and hen-runs, crisscrossed by mechanized patrols and police dogs and under surveillance by searchlights, watchtowers and armed archaeologists. But there is no reason why the concept of Palestinian sovereignty should not accommodate provisions designed to allay legitimate fears of neighbors on a reasonable and preferably reciprocal basis.

The Frontiers of the Palestinian State

The frontiers of 1967 with minor and reciprocal adjustments are the most realistic under the circumstances. They would include East Jerusalem, the West Bank and the Gaza Strip. Contact between the West Bank and the Gaza Strip could be maintained through guaranteed freedom of access along a specified route or routes. This need not necessarily entail the extraterritorial status of the routes.

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Such a solution embodying Palestinian sovereignty is a reversion to the old concept of partition. The difference is that no former partition proposal (Peel in 1937, Woodhead in 1938, and the U.N. Special Commission and U.N. General Assembly in 1947) gave the Jewish state anywhere near as much territory as a settlement along the 1967 frontiers would. Given the historical context of the evolution of the Palestine Problem, a partition solution (particularly along the 1967 frontiers) does no violence to Zionism. Within the lifetime of most readers the following words were addressed by Lord Peel to the Palestine Arabs in 1937 in the recapitulation of his report recommending partition: "Considering what the possibility of finding a refuge in Palestine means to many thousands of suffering Jews, is the *loss* occasioned by partition, *great* as it would be, more than Arab *generosity* can bear?"[2] It should be borne in mind that on the eve of the U.N. General Assembly's partition resolution ten years later and six months before the declaration of the state of Israel, Jewish land ownership in Palestine did not exceed 6.5 percent of the total territory of the country.[3]

The fact that partition is an old formula is no argument against its validity today. After all, the idea of a Jewish return to Palestine is of considerable vintage. Nor is it a valid argument against partition that Palestinian and Arab leaders rejected it at the time. Given the context and circumstances, it was inevitable that they should do so. This was known beforehand to all proponents of partition including its chief beneficiary, the Zionists. A different generation of Palestinian and Arab leaders in different circumstances today are prepared to say that they accept it with all the implications of such acceptance for Israeli-Palestinian and Israeli-Arab reciprocal recognition and coexistence.

If it is wondered why it was that throughout the period 1948–67 no one talked of a Palestinian state on the West Bank and the Gaza Strip, the answer is simple: Palestinian and Arab opinion was not prepared for it. It aspired to the recovery of the whole of Palestine or the establishment of a democratic secular state in it. Acceptance of partition or a state on the West Bank and in the Gaza Strip was treason. In some Palestinian and Arab quarters, it still is. Therefore, if partition is accepted today over a much smaller area of the

[2] *Palestine Royal Commission: Summary of Report*, Official Communiqué No. 9/37, June 1937, p. 31. The emphasis is the writer's.

[3] At the time of the U.N. partition resolution in November 1947, Palestine was administratively divided into 16 districts. Distribution of population and land ownership in these districts between Arabs and Jews is shown in the maps accompanying U.N. Doc. A/AC 14/32, November 11, 1947. These maps indicate (a) that the Arabs were in the majority in 15 of the 16 districts and (b) owned the bulk of private land in all 16 districts. The U.N. partition resolution gave the Jews about 55 percent of Palestine.

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country than under any previous partition formula, this is a measure of the evolution in the last decade or so of Palestinian and Arab pragmatism. It is the development that has long been awaited by outside observers and Israelis. It would be tragic if it were not recognized when it occurred. It would be more tragic if it were recognized and ignored.

The Foreign Relations of the Palestinian State

Given the security concerns of its neighbors and the balance of power between it and them, it would make sense for the Palestinian state to declare its nonaligned status vis-à-vis the superpowers and other powers particularly in the defense and military fields. Some variant of the Austrian model could be applicable in this connection. This could involve agreement between the superpowers, their allies and clients to recognize this nonaligned status. Those Arab states party to the settlement as well as other powers could subscribe to this agreement. The arrangement could be guaranteed by the U.N. Security Council and the Arab League.

This does not mean that the state need be demilitarized. Nor would it preclude its membership in the United Nations, the Arab League and other international organizations. Nor would it prevent it, again like Austria, from having a foreign policy.

The closest relations of the Palestinian state would naturally be with Arab League members. These relations could cover the political, economic, commercial, cultural and social fields. But its most intimate relations are likely to be with Jordan. Consanguinity, historical ties and common economic interests would all demand this. Jordan would be the nearest Arab neighbor, the gateway to the Arab world and the sea. Naturally, relations with Jordan would have to be on an inter-state basis of equality. But this does not preclude a consensual evolution of relations toward greater intimacy.

The Armed Forces of the State

A state bristling with the most sophisticated lethal weapons systems is unrealistic. A demilitarized state would be self-defeating. Without national armed forces the political leadership of the state would become the laughing stock of the Arab world. Their eunuch-like image would be enhanced by the formidable Israeli arsenal next door. So would their own sense of insecurity. This would increase their vulnerability to criticism by opponents of the settlement at home and abroad. For several years large segments

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of the population would continue to live in "refugee" camps, posing security problems to the authorities. There would be a need to curb adventurism across the border into Israel. There would be a need to stand in the way of armed excursions by extremist Israeli groups of would-be settlers. The Palestinian state would be likely to become a great center of tourism and pilgrimage for Diaspora Palestinians, Arabs and Muslims, as well as for Jews and Christians. This could involve the influx of hundreds of thousands annually. Reliance for all this on borrowed security made available by U.N. forces would be impracticable. It would be unstable politically and psychologically. But this does not preclude the use of such forces in a supplementary role or for specific purposes. They could be stationed, for example, along the borders as well as at airports, harbors, and the points of exit from and entrance to the West Bank-Gaza Strip highway.

Heinous as this may sound, an attempt will be made to visualize hypothetical levels of strength for the national armed forces of the Palestinian state. The following table is merely an illustration of how the situation in two scenarios might look on the ground. The Palestinian forces are, for argument's sake, computed on two alternative bases, one-half and one-third of Jordanian strength. They are deployed on a one to two scale in the Gaza Strip and the West Bank respectively. The result is compared system by system to Israeli and Jordanian strengths. Only certain systems have been chosen for purposes of comparison.

TABLE I

	Israel	*Jordan*	*½ Jordan*		*⅓ Jordan*	
			West Bank	*Gaza Strip*	*West Bank*	*Gaza Strip*
Combat Aircraft	574	78	26	13	18	8
Transport Aircraft	117	11	3	2	2	1
Trainer Aircraft	144	29	10	5	7	3
Helicopters	186	18	6	3	4	2
Tanks	3,065	520	174	86	115	57
Armored Fighting Vehicles (AFV)	3,600	140	47	23	30	15
Armored Personnel Carriers (APC)	4,000	720	240	120	160	80
Self-propelled Howitzers	560	55	18	9	12	6
Guns/Howitzers	450	126	42	21	28	14

SOURCE: *Military Balance, 1977–78,* London: International Institute for Strategic Studies, 1977.

These totals are merely illustrative. They do not preclude desirable qualitative mixes within each system. The other addi-

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tional systems available to both Jordan and Israel or only to the latter are listed below.[4] Possible comparisons of doctrine, command, training, administration, communications, technical maintenance, industrial infrastructure, etc., are, for brevity's sake, not touched upon.

East Jerusalem

Without East Jerusalem there would be no West Bank. It is the navel, the pivotal link between Nablus to the north and Hebron to the south. Together with its Arab suburbs it is the largest Arab urban concentration on the West Bank. It is the former capital of the *sanjak* (district) of Jerusalem under the Ottomans, as well as of mandatory Palestine.[5] The highest proportion of the Palestinian professional elite under occupation resides in it. It is the site of the holiest Muslim shrines on Palestinian soil. Muslims first turned to it in prayer before they turned to Mecca. Toward it the Prophet Muhammed journeyed on his mystical nocturnal flight and from it he ascended to within "two bow-lengths" of the Throne of God. It is the fountainhead and focus of Sufism—the deepest spiritual tradition of Islam. Within its precincts are buried countless generations of Muslim saints and scholars, warriors and leaders. It evokes the proudest Palestinian and Arab historical memories. It contains the oldest religious endowments of the Palestinians, their most prestigious secular institutions—the cumulative and priceless patrimony of a millennium and a quarter of residence. Architecturally it is distinctively Arab. In ownership and property, it is overwhelmingly so. It is the natural capital of Arab Palestine.

To make it so would involve the partition of the city along the 1967 lines. But not necessarily a return to the *status quo ante bellum* in all its details. The Israeli argument for a unified city must not obfuscate the military conquest of East Jerusalem. The argument contains two themes. The first is an implicit justification for Israeli

[4] The additional systems both Israel and Jordan have are mortars, anti-tank guided weapons, missile guns, recoilless rifles, and Redeye surface-to-air missiles. Additional systems that Israel has are surface-to-surface missiles (Ze'ev/Wolf, Lance, Gabriel), rocket launchers, and Hawk surface-to-air missiles. Israeli defense expenditure for 1977–78 is $4.27 billion; Jordanian expenditure for 1977 was $200.6 million. *Military Balance, 1977–78,* London: International Institute for Strategic Studies, 1977, pp. 36–37.

[5] The *sanjak* of Jerusalem covered some 60 percent of what later became mandatory Palestine. From a line drawn east-west from the sea to the Jordan River some ten miles north of Jerusalem, it extended down to the borders of Sinai and the Gulf of Aqaba. The *sanjak* was directly attached to Istanbul instead of to any provincial capital. Palestinian deputies for Jerusalem and other cities in the *sanjak* sat in the Ottoman Parliament of which a Jerusalemite became Deputy Speaker. (Other Palestinians from the *sanjak* became senior diplomats, army officers, provincial governors, and civil servants in the Ottoman Empire.)

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annexation. The second endows this annexation with an ecumenical purpose. Neither is sacrosanct. Continued Israeli occupation precludes an overall settlement. This in itself frustrates any ecumenical purpose. Such a purpose is best served if a Jerusalem settlement symbolizes and consecrates the principles most worthy of association with the uniqueness of the Golden City. These are the principles of non-exclusivity, co-equality, non-dominance, co-sharing, non-coercion, palpable justice, the absence of a victor-vanquished equation, the non-dictation of spiritual hierarchies.

There is no monopoly in history or common sense for any one of the three great monotheistic faiths over the fate or future of Jerusalem. But if only because of the chronological sequence of its occurrence, it is Islam alone of the three faiths that encompasses in its reverent ken the other two. Abraham and Moses, David and Sarah, Jesus and Mary occupy the same pedestal alongside Muhammed in Muslim adoration. A partition solution does not mean the erection of a wall. The frontiers could remain open between the capital of Israel in West Jerusalem and the capital of Arab Palestine in East Jerusalem. Provisions could be agreed to at the interstate level for freedom of movement and residence between the two capitals. Regulation of entrance and exit between the capitals and the two states could also be included. A joint interstate great municipal council could operate and supervise certain essential common services, while residual services would fall under the separate municipalities of each sovereign state. Another grand interfaith council of senior representatives of Christianity, Judaism and Islam under U.N. or rotating chairmanship could oversee the special interests, holy places and institutions of each religion and act as an arbitration and conciliation body for disputes or claims arising with regard to them. An irreversible right of access to the Wailing Wall would be an integral part of the settlement, while a special regime for the Jewish-owned properties adjacent to the Wailing Wall could be created.[6] These arrangements could be overseen by the grand interfaith council or by a special inter-state Israeli-Palestinian body, under the guarantees of the U.N. Security Council, the Arab League and the Islamic states. It would be supremely fitting if both capitals could be demilitarized in part or wholly except for essential internal security forces.

Only some such solution for Jerusalem is likely to capture the

[6] Jewish property within the municipal boundaries of pre-1967 East Jerusalem did not exceed five percent of the area of the city. Most of the Jewish quarter inside the Old City was Arab-owned—the pre-1948 Jewish residents being largely tenants of Arab landlords. In Western Jerusalem whole quarters were Arab owned, e.g., Talbiyeh, Katamon, Musrara, Upper Baka, Lower Baka, El Turi, the "Greek" Colony, the "German" Colony.

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imagination of the world and stamp out for all time the ugly embers of holy wars. Only by some such solution would Jews, Christians and Muslims translate their veneration of Jerusalem from rhetoric to the idiom of accommodation and love.

The Internal Politics of the Palestinian State

If the PLO is to endorse the settlement, it has to participate in the government of the Palestinian state. The likelihood is that the centrist Fatah, the backbone of the PLO, will be the backbone of any Palestinian government. Those Palestinian elements that do not subscribe to the settlement will of themselves decline to participate in such a government. A Palestinian government built around Fatah will almost certainly be a national coalition. And the Palestinians who have lived under occupation since 1967 will in the nature of things play a major role in any coalition. Given their experiences, they will strengthen the centrist tendencies in Fatah. So will the monumental task of state- and nation-building facing the new government. This will demand the extensive support of the entrepreneurial and professional Palestinian elite in the Diaspora. These centrist tendencies will be further strengthened by economic dependence on international and foreign sources as well as on oil-rich Arab countries. The need for close cooperation with Jordan will promote the same result. There is little reason to believe that Fatah and its coalition partners will want to squander overnight the fruits of decades of terrible struggle and sacrifice by the Palestinians. Considerations of pride will impel them to demonstrate how Palestinian genius can build, those of prudence to avoid playing into the hands of others, those of self-interest to survive and prosper.

One of the first tasks of the new Palestinian government will be to draw up the constitution of the new state, to replace the National Charter.

The Refugees

As many refugees as possible need to be settled in East Jerusalem, on the West Bank and in the Gaza Strip. Cooperation with Jordan is essential for the fullest exploitation of the Jordan Valley.

U.N. General Assembly Resolution 194 III of 1948, providing the refugees with the choice between compensation and return, will have to be implemented.[7] It is impossible to know how many

[7] The resolution has been repeatedly affirmed by the United Nations and supported by the United States. One of the last direct American references to it was made by Harold Saunders (then Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs) on November 12, 1975. *Department of State Bulletin*, November 1975, No. 8.

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will choose to return to pre-1967 Israel. While Israel may not be expected to welcome inundation by all those who will want to return, its acceptance of a mere handful will offer no solution. Many Diaspora Palestinians in the Arab countries have become middle class. Most of those in the Gulf countries and the Peninsula have not been granted and are unlikely to be granted the nationalities of the host countries. Their acquisition of a Palestinian nationality, in addition to its psychological impact on them, will regulate their status in their countries of residence and make it easier for them to return or commute to the Palestinian state. The balance of the Diaspora refugees who cannot return to pre-1967 Israel (because of Israeli objections) or to the Palestinian state (because of lack of absorptive capacity) will still have the options of compensation and Palestinian citizenship.

The Israeli Settlements on the West Bank and in the Gaza Strip

Given the need for every inch of territory in East Jerusalem, on the West Bank and in the Gaza Strip to solve the Palestinian refugee problem, it would not make sense to maintain the Israeli settlements established in these territories after 1967.[8] Their presence would become a ready target for criticism and agitation by refugees (and their supporters) who had been barred by Israel in the past from return under Resolution 194 III, or who were unable to settle in the Palestinian state because of lack of space. The protection of these settlements and their inhabitants en route to or from them would develop into a major security risk. The circumstances in which these settlements were established would be a constant reminder of the hated occupation. The rights and claims of villagers trespassed upon during their establishment would continue to plague the Palestinian authorities. Far from contributing to or symbolizing Israeli-Palestinian harmony or coexistence, the settlements are likely to exacerbate interracial relations. Palestinians would not stop wondering why, after having acquired 77 percent of Palestine, Israelis should want to settle in yet more Palestinian territory. The continued presence of the settlements would undermine the authority of the Palestinian government and the stability of the overall settlement. There would be challenge enough for Palestinians and Israelis to try out the experiment in "hostile symbiosis" in Jerusalem. It would be folly to overload the system.

[8] See Ann Lesch, "Israeli Settlements in the Occupied Territories," *Journal for Palestine Studies*, Autumn 1977.

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V

Theological arguments have been adduced against the establishment of a Palestinian sovereign state in East Jerusalem, on the West Bank and in the Gaza Strip. The serious arguments are three and will be addressed below:

1. *The Absorptive Capacity of the State*

The thrust of this argument is that a Palestinian state within virtually the 1967 frontiers (and *a fortiori* within smaller ones) would be too small and too poor in resources to absorb the bulk of the refugees. The refugee problem and therefore the Palestine Problem would persist even after the establishment of the Palestinian state. It follows that the establishment of such a state would not be a definitive solution of the Palestine Problem.

A few comments are in order.

It is true, of course, that a Palestinian state within (at best) the 1967 frontiers would not itself be able to absorb all the Palestinian refugees. That is why the closer the frontiers are to those of 1967, the greater will be the capacity of the Palestinian state to do so. Israel could also help by meeting its obligations under Resolution 194 III and by withdrawing its settlers from the West Bank and the Gaza Strip.

A Palestinian state along the lines described above is likely to win PLO endorsement. The responsibility for tackling the question of the balance of refugees after the absorption of others by Israel and the Palestinian state will fall upon the shoulders of the PLO and the Arab states party to the overall settlement.

The psychological effect on the refugees of the mere establishment of a Palestinian state should not be ignored. They have been alluded to earlier; no one can predict what advantage the refugees might take of the opportunity to choose compensation and citizenship in the event of the establishment of a Palestinian state. The miraculous impact of Israel on the Jews in the Diaspora may be relevant in this connection.

Without a state there is no hope of PLO endorsement of an overall settlement. Without such endorsement it is difficult to see who would have the will or the power to tackle the refugee problem.

Even if an overall settlement that does not involve a state were feasible (which it is not), it would have no obvious advantages over a state formula with regard to the refugees.

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2. *The Economic Non-Viability of the State*

The short answer to this argument is that the Palestinian state would be joining a populous club whose membership list includes its neighbor to the West. But there could be worse prospects facing fledgling states. The Arab oil countries do not suffer from a dearth of capital. They would have a vested interest in the stability of the state. So presumably would some affluent industrial countries. The United Nations and other international organizations would be deeply involved in technical aid and assistance programs for the foreseeable future.

A sine qua non for economic progress would be some form of common market arrangement with Jordan. But the greatest asset of the state will be high-level Palestinian manpower. Relatively speaking this exceeds that of all Arab states (with the possible exception of Lebanon) and of most Third World countries.[9] It will be attracted by the novel challenge of building a country for its own kith and kin. Specialized new light industries as well as off-season agriculture could depend on this human resource as well as on imported capital, including that of the Palestinian Diaspora.[10] Palestinian entrepreneurs, sick of the humiliations of exile in Arab and other countries, are likely to transfer their main or regional offices to the state. A restored East Jerusalem could become a cultural and artistic showpiece of the Arab and Muslim worlds. Arab heads of state would vie with one another to endow and embellish its monuments and institutions as their ancestors had done in medieval times. Individual Palestinian cities could be "paired" with prosperous Arab municipalities. East Jerusalem could become the site of ecumenical, Third World and Islamic conferences. The pilgrimage industry would boom. Expenditure on the armed forces would be modest. The climate of the hills of Jerusalem and those of Nablus and Hebron is ideal for the development of a large-scale summer tourist industry for the Arab world. Jericho and the Dead Sea are equally ideal for a winter tourist industry. Remittances from the Palestinian Diaspora would be sent with greater incentive and confidence. The country could even become a retirement haven for Palestinians aspiring to die within earshot of the muezzins of the Aqsa Mosque or the bells of the Holy Sepulcher.

[9] See Nabeel Shaath, "Palestinian High Level Manpower," *Journal for Palestine Studies*, Winter 1972.

[10] A Palestinian refugee from Jaffa, Talal Abu Ghazaleh, who made good in the Diaspora, was recently reported to have donated $10 million to his alma mater, the American University of Beirut, in Lebanon. *New York Times*, May 2, 1978.

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3. *The Dangers of a Radical State, Militarily Threatening to Israel*

The thrust of this argument is that the government of the state would be taken over by radical groups. These would be bent upon the prosecution of revolutionary armed struggle, not only against Israel but also against Jordan. They would offer the Soviets or Soviet clients military bases that would put the slender urban waist of Israel under the constant threat of annihilation.

The likelihood that any radical group would seize, much less maintain, power is negligible for reasons already given. Moreover, any Palestinian regime would be subject to several constraints:

First, there would be *the global context of settlement.* An overall settlement to which the Soviet Union is not a party is a non-starter. A settlement involving the application of some variant of the Austrian model demands the specific agreement of the superpowers, their allies, and their clients to respect the nonaligned status of the Palestinian state. The Soviets might well welcome such an arrangement if acceptable to other parties, including the PLO. It would give them a responsible, integral role in the settlement. It would be welcomed by their Palestinian and Arab allies. It would save them from a potentially embarrassing military commitment in a highly vulnerable place (the West Bank) where the balance of local power is crushingly in favor of Israel. Within such a framework, under U.N. Security Council and Arab League guarantees, the possibility of entanglement by the Palestinian state in dangerous military alignments would be precluded.

Next, there would be *the regional context of the settlement.* An overall settlement would have to remove the causes of a specifically Egyptian and Syrian irredentism. It would have to involve full withdrawal to the 1967 frontiers on the Golan and in Sinai. This need not entail the stationing of Egyptian or Syrian troops on the frontiers. With pan-Arab irredentism defused by a PLO endorsement of the Palestinian state, and Egyptian and Syrian irredentism defused by return to the 1967 frontiers, the stage will have been set for the generation of an Arab consensus in favor of an overall settlement. Within such a framework, a collective Arab guarantee of the settlement could be made and the modalities elaborated for economic assistance to the Palestinian state. Given its nonaligned status, it is difficult to see what expectation would prompt a Palestinian regime to withdraw from such an arrangement.

Third, let us look again at *the military balance between Israel and a Palestinian state.* As we have already seen, even if for argument's sake a Palestinian state acquired armed forces one-half or one-third those of Jordan, the balance of power between it and Israel

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would be crushingly in favor of the latter. The deterrence Israel would command would be eminently credible. It would be all the more enhanced by a sober assessment of the military implications of the new state's geography. Note specifically the following:

(a) *Discontinuity.* The Gaza Strip and the West Bank are separated from one another by Israeli territory from 20 to 35 miles wide. Even with East Jerusalem restored to the Palestinian state, West Jerusalem dominates the main road linking Nablus to the north and Hebron to the south.

(b) *Encirclement.* Both the Gaza Strip and the West Bank are almost completely surrounded by Israel, the former on the north and east, the latter on the north, west, south and southeast.

(c) *Accessibility of Palestinian Territory.* If Tel Aviv is 15 miles from the West Bank, the West Bank is the same distance from Tel Aviv. Accessibility is not only a function of distance. It is a function of terrain, vegetation, communication routes and transport capacities, but above all it is a function of the balance of power. Visual accessibility with the naked eye is a bonus.

The Gaza Strip is five to ten miles wide, 30 miles long. Every square yard is penetrable from the Israeli side by foot within an hour, by vehicle within minutes. It has no warning time against aircraft. It is totally accessible to the naked eye from land and sea.

The West Bank is some 85 miles long. Its greatest width is under 40 miles, its narrowest at Jerusalem is under 20 miles. No point on the West Bank falls outside a 25-mile radius from the nearest point along the Israeli frontier, and most of it falls within a 20-mile radius of the frontier. No impenetrable vegetation or inaccessible terrain prevents arrival from the Israeli frontier anywhere on the West Bank, by foot within six hours, by vehicle within one. Warning time against aircraft is to all intents and purposes nil. No dense forests cover any part of it.

(d) *Links to the Outside World.* The Gaza Strip has no direct land link to the outside world. If the Israelis dismantled their settlements in the Arish area on the southern frontier of the Gaza Strip, they could be replaced by a U.N. buffer zone. The single airport in the Strip is a stone's throw from Israel. The only harbor is small and makeshift. The figures for the Palestinian forces that might be deployed in the Strip under the formulae discussed above and their relation to the Israeli forces speak for themselves. The Israeli Navy is also available to monitor the Gaza coastline.[11]

The West Bank has no direct access to the sea. It has one airport

[11] This includes one submarine (two under contruction), 18 naval vessels with surface-to-surface missiles, 40 patrol boats, and 12 landing craft. *Military Balance, 1977–78, op. cit.*

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north of Jerusalem with limited capacity. It is within medium mortar range from the Israeli frontier. It is accessible to the naked eye to aircraft flying within Israeli airspace. The West Bank's land link to the Arab world is through Jordan. Vehicular travel to and from Jordan is along two main routes with two crossing points on the Jordan River. The routes leading to the crossing points from the Jordanian side pass through gorges and open country. As they come out of the open country on the Palestinian side, they start their climb up the mountains of Nablus and Jerusalem. Given Israeli air superiority, the terrain on both sides of the Jordan River is an ideal burial ground for armor.

As a party to the settlement, Jordan would be anxious to monitor the armed forces of the Palestinian state. Its position astride the land routes of access to the state as well as the state's only contact with the sea through Arab territory (Jordanian Aqaba) enables it to exercise effective control on vehicular traffic to the state. This could be reinforced by U.N. inspection and verification personnel at the two crossing points on the Jordan River, as indeed at the Jerusalem airport. The orifices of the state would thus be sealed.

The West Bank has the configuration of a bulge abutting on Israel, with its base on the Jordan River. The length of this base from north to south is 45 miles. A road runs along the base parallel to the river from the Israeli frontier near Lake Tiberias. An army crossing the Syrian desert in the direction of the Jordanian routes of access to the Palestinian state would have to cover hundreds of miles before reaching the eastern frontiers of Jordan, themselves hundreds of miles from the Jordan River. An armored Israeli column traveling southward from the direction of Lake Tiberias could in less than two hours sever all contact between the Palestinian state and the Arab hinterland. Israel could also draw on its five paratroop brigades and 186 helicopters (not to mention its 574 combat aircraft) to take possession in time of the two crossing points on the Jordan River.

In *conclusion,* therefore, any PLO leadership would take the helm in a Palestinian state with few illusions about the efficacy of revolutionary armed struggle in any direct confrontation with Israel. They would be acutely aware of its costs. They would have little incentive on national or corporate grounds to incur it.

To one observer, the real security question posed by the Palestinian state is: For how long would the Israeli brigadier generals be able to keep their hands off such a delectable sitting duck?

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Mohamed Hassanein Heikal

EGYPTIAN FOREIGN POLICY

Fourteen people were told beforehand of Nasser's decision to nationalize the Suez Canal in July 1956; only two knew in advance of the decision to expel the Soviet experts from Egypt in July 1972, and then only a few hours before the Soviet Ambassador was informed. Egyptian President Anwar Sadat himself admits that he told no one but his Foreign Minister of his dramatic decision to go to Jerusalem last November.

These were all momentous decisions—some affecting the issues of war and peace, others, like the Jerusalem visit, representing a radical departure from the political line consistently followed by Egypt ever since it began to play an active role in the Arab-Israeli conflict in 1948. While the above examples graphically illustrate how major policy decisions are made in Egypt, they could just as easily apply to most Third World countries, which, unlike developed societies, have not yet attained the stage where constitutional legitimacy imposes objective constraints on the decision-making process. Developing countries are usually at one of two stages in their social, economic and political development: the traditional or the transitional. In both, decision-making powers are usually held by one individual. This may be a hereditary monarch, a prince or a sheikh, who rules with the authority of tradition behind him. It may be a charismatic leader who enjoys popular support for freeing his people from colonial bondage and for placing the country on the path of development. Or he could simply be a dictator who, on the pretext that the road to development is inevitably a hazardous one involving occasional violent upheavals, imposes a repressive system of law and order.

Whoever he may be—traditional ruler, charismatic leader or dictator—this individual is the final arbiter on all major policy matters. While he may delegate some powers in certain internal domains, such as agricultural and industrial development, he will retain full decision-making powers in two areas: foreign policy and defense. Even if the machinery for consultation appears to be there, in the form of a Cabinet, a Revolutionary Council or a

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National Security Council, its role, if any, is usually confined to discussing a decision in one of these two areas after it has been made. In most cases these consultative bodies are not in possession of the facts leading up to the decision; their discussions are thus ineffectual, perfunctory affairs that affect the decision-making process not at all. Of course, the decision-maker may consult with others before making his decision, but the extent to which he is guided by their advice is a matter of personal choice. In other words, while the possibility that other opinions may affect his decision is there, it is at best a random one. The decision is ultimately his alone.

II

However, because policy decisions are taken by one man alone it does not follow that they are made haphazardly or in a vacuum. Any country's foreign policy is necessarily governed by a number of factors, some constant, some variable. The constants can be said to be the factors of geography and history. "Geography," as de Gaulle told me in 1967, "is the constant factor in the making of history." And the history of a nation is, of course, the accumulation of its collective experience. The variables, which must be taken into account by any nation in the making of its foreign policy decisions, are its internal conditions, the mood of its people and the degree of their participation in political life as well as the regional and global balance of power prevailing at a given moment. Such then are the objective factors that influence the decision-maker. There is, however, a subjective factor which, when one man decides alone, is bound to play an important role. This is the decision-maker's personal reading of the facts on which he will base his decision.

In the case of Egypt, the constants of geography and history have steered the main thrusts of its foreign policy toward two fronts: south and east.

Since Egypt's very existence depends on the waters of the Nile, the first consideration of any Egyptian government is to guarantee that these waters are not threatened. This means ensuring that no hostile power can control the headwaters of the Nile or interfere with its flow into Egypt. Fortunately, with the political conditions and technological limitations in Central and East Africa, this threat is unlikely to materialize. Politically friendly Sudan provides Egypt with an additional degree of security. Thus the southern prong of Egypt's foreign policy has tended to be passive and promises to remain so in the foreseeable future.

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On Egypt's eastern front things are very different. To the northeast, its border region lies along the land bridge between Africa and Asia. Here the armies of great empires have marched and countermarched throughout history. It was through Syria and Palestine that Assyrians, Babylonians, Persians, Macedonians, Byzantines, Arabs and Turks marched toward the Nile Valley, and across the same land bridge that the armies of Thutmose III and Mohamed Aly moved to conquer or to defend.

Indeed, during World War I Britain's General Allenby considered Egypt's first line of defense to be the Gaza-Beersheba line in Palestine. Other military experts believe this line should extend north to Damascus or even to Aleppo. However, the land bridge should not be regarded exclusively in terms of warfare. It is just as vital to Egypt in times of peace. It has always been a part of the world's great trade routes, whether in the age of camels, steamships or aviation. When Egypt became part of the great Muslim empire, the importance of the land bridge grew. Lying halfway along the road between Islamic North Africa and the Caliph's capitals of Damascus or Baghdad, it was the road by which pilgrims made their way to the holy cities of the Hejaz and Palestine. It was also the scene of the historical confrontation between the East and West, the Crusades. Later, under the Ottoman Empire, it was the road to the imperial capital of Istanbul. After its collapse, the accumulations of history, which had long been fermenting among the Ottoman Empire's Arab subjects, found concrete expression in the awakening of Arab nationalism. The common heritage of the Arab people of Asia and Africa had forged a strong bond between them, a bond cemented by language, religion, history and culture. For the emerging Arab nation, the land bridge that linked the Arabs of Africa with those of Asia was, in terms of community of interests and security, a vital focal point. And, more recently, the vast oil discoveries in the Arabian Peninsula and on the coast of the Arab Gulf have made this region a center of gravity in the global power struggle.

Egypt's geographical peculiarities, which to a large degree dictate its policies, were once compared by André Malraux to those of Britain. Both countries, he said, are in effect islands—Egypt cut off from its neighbors by deserts and by the swamps and forests of the southern Sudan, Britain cut off from the European mainland by sea. Both countries derive a sense of security from living behind these natural barriers, but are always alert to what goes on beyond them. For Britain, danger has come when one state or a combination of states across the channel has grown too strong. Repeatedly

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this has meant war. In the same way, alarm bells have rung in Cairo when too great a buildup of strength has been observed beyond the Sinai. This conversation with Malraux took place in Paris in 1970, at a time when the question of Britain's entry into the Common Market was under discussion. He explained that the time when seas and deserts could provide sufficient protection was over and that Britain had no choice but to join Europe. I agreed, but pointed out that Egypt regarded the Sinai not as the barrier he imagined it to be but as its vital link to the east. And the question was not simply one of joining the Arab states in the east. The shared perceptions of a common cultural, linguistic and religious heritage made Egypt an integral component of the Arab nation, of both that part lying beyond the African-Asian land bridge in the east and to the Atlantic in the west.

Unlike the southern prong of its foreign policy, Egypt has always pursued an active line toward its eastern flank. Its preoccupation with one or the other of these two fronts has always proved to be a reliable criterion of Egypt's vitality: the more outgoing and vigorous it is, the more active its policy toward the east; the more introspective and turned in on itself it becomes, the more it looks southward.

III

The close of World War II and the defeat of Nazism introduced three important new ingredients into the Middle East. The first was mounting Soviet strength in the geographical proximity of the Middle East, with its strategic importance, vital lines of communication and oil resources. The West countered this threat, in keeping with the cold war logic prevailing at the time, with the formation of military alliances. Second was the growth of the anti-colonial struggle in the region, which sought not only independence from traditional colonialism but also a form of Arab unity and overall economic, social and political development. The third was the creation of Israel in the aftermath of the Nazi Holocaust, not only as the fulfillment of an ancient dream but also in response to contemporary strategic interest. In the process, an entire people was displaced and untenable strains and stresses imposed on the region.

And so the stage was set for an increasingly complex and volatile situation in the region. The West's pattern of armed containment of communism had taken shape with the creation of NATO in the West and the SEATO pact in Southeast Asia. Only in the Middle East was there a gap in this pattern, and the West lost no time in

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attempting to fill it. For the Arab countries, jealous of their independence, joining such an alliance represented a new form of Western domination. If they were going to form an alliance with anybody, it was more logical that they form it with other Arabs. Indeed the Arab League, which came into being in 1944, was conceived in part as a defense organization. For the majority of Arabs, this concept was both comprehensible and attractive, all the more so since in 1948 they found themselves facing an enemy far closer and more immediate than the Soviet Union—Israel. Its creation in the very heart of the African-Asian land bridge dealt a severe blow to Arab hopes of unity by cutting off the Arabs of Asia from those of Africa. Certainly, too, the fact that Israel's creation entailed the dismantling of a Palestinian home and the denial of the Palestinians' rights did nothing to endear this new entity to the Arabs. Their hostility was further confirmed by Israel's relations with countries like Britain and the United States, the one identified with traditional colonialism, the other accused of neocolonialism.

IV

After the 1952 revolution, Egypt's new and vigorous leadership was quick to adapt to these postwar developments and shifted its attention to the challenges on the country's eastern flank. Previous to that, in the words of the Egyptian Foreign Minister to his British counterpart, Ernest Bevin, in 1950: "Our foreign policy is a very limited one, and can almost be resolved in these two questions now under discussion, the question of evacuation and that of the unity of Egypt and the Sudan under the Egyptian crown."

However, before the new regime could shift Egypt's foreign policy priorities, it had to ensure that its southern flank was safe. Thus it acknowledged the Sudan's right of self-determination; though the Sudan opted for independence, Egyptian-Sudanese relations remained cordial. Similiarly, it continued to maintain friendly relations with Ethiopia. For Nasser the revolutionary as for Farouk the monarch, Haile Selassie was the strong man on Lake Tana, source of the Nile floodwater. And, when the winds of change blew through Kenya, as they did over the whole of Africa, Egypt was quick to help Kenyatta and other African national leaders, especially those whose countries were connected with the headwaters of the Nile in Central and East Africa.

Having ensured that its southern flank was safe, Egypt could now come to grips with the problems in the east, which even the enfeebled royalist government had been unable to ignore. Egypt had already fought a war against Israel over the African-Asian

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land bridge and, fearful of the potentially formidable military threat Israel represented, had entered into a mutual defense pact with a number of Arab countries, notably Syria. It was at this time too that Cairo and Damascus rejected proposals for a Middle East Defense Organization (MEDO) put forward by Britain, France, the United States and Turkey.

V

This marked the beginning of a long and bitter feud in the area between two rival systems, whose struggle for predominance continues to this day. The advocates of the two systems have spared no effort, using all the means at their disposal, both overt and covert, to advance their cause.

1. *The Middle Eastern System.* First advocated by Britain, France, the United States and Turkey, the real architect of the system was, in fact, the United States, backed by Great Britain. This system saw the Middle East in geographical terms, as a vulnerable land mass lying close to the Soviet Union. Wholly preoccupied with the Soviet threat, the architects of the system held that the countries of the area must organize themselves against this threat by joining in an alliance with others who were concerned for the region's security. This alliance would have to coordinate its defense with other countries exposed to the "Red Peril" in Europe and Asia. A Middle Eastern alliance would be the final link in a chain of alliances (including NATO and SEATO) encircling the southern frontiers of the Soviet Union. In the logic of this system, the Arab countries were expected to join in an alliance with Turkey, Iran, Pakistan, even Israel—that is, the Middle Eastern countries directly concerned with the region—as well as with the United States, Britain and France, the international parties concerned with the region's security as well as being the major participants in NATO and SEATO.

2. *The Arab System.* Based on a different outlook toward the region, this system saw the Middle East not as a hinterland lying between Europe and Asia—a simple geographical expansion—but as one nation having common interests and security priorities distinct from those of the West. According to this logic, the countries of the area, which enjoyed unity of language, religion, history and culture should—indeed could—create their own system to counter any threat from whatever source. And the main threat, as the advocates of this system saw it, came from Israel, not only because it cut across the African-Asian land bridge but also because, with its seizure of the Auja area demilitarized under the

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Rhodes armistice agreement, it was clear that it harbored expansionist aims. At the same time, while admittedly the Soviet Union did represent a threat, it was felt that there was no immediate or direct danger from that source. Many people in the area, including Nasser, held that the lack of common borders between the Arab nation and the Soviet Union would deter the Soviets from undertaking any military act against it. And in any case, Nasser felt that the answer to communist infiltration did not lie in joining Western-sponsored alliances with their imperialist overtones but rather in promoting internal economic and social development and in affirming the spirit of nationalism and independence.

If the advocates of the Arab system required any proof of the validity of their theory, this was amply provided by the 1956 Suez War, an operation launched by two discredited colonial powers, Britain and France, in retaliation for Egypt's nationalization of the Suez Canal. Although it is hard to see how this particular settling of accounts could have concerned it in any way, Israel nonetheless joined the ill-fated attack, in a spirit compared by Moshe Dayan in his book on the 1956 campaign to that of a cyclist peddling uphill who grabs the back of a passing truck that happens to be going in the same direction.

VI

Following the Suez War and lasting until the 1967 War, competition between the two systems was at its most intense. In the struggle, each of the two systems tried to marshal its forces, both regional and extra-regional.

The Middle Eastern system depended mainly on the political and economic might of the United States and its NATO allies. On the regional level it could count on the support of the local parties not included within the Arab system—Iran, Turkey, Pakistan and Israel. And it had at the very least neutralized some local parties whose natural place was within the Arab system but which were frightened off by the pan-Arab and progressive views to which the main trends within that system subscribed. These were for the most part the conservative, oil-producing countries, torn between their natural affinity on the one hand and their interests on the other.

As for the Arab system, this depended basically on Nasser's Egypt and on a number of other Arab countries pursuing a similar line, especially Syria, followed by Algeria and Iraq. A main rallying point of this group was the Palestinian issue. It also had a mass appeal throughout the Arab world, even within those countries

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whose conservative regimes were hostile to the social content of the Arab system. On the international level, it could count on the support of a number of parties, notably the Soviet Union, if only because the Middle Eastern system was initially directed against it. This support was manifested in concrete form in the 1955 Soviet arms deal with Egypt, in its stand with Egypt during the 1956 war, and in its massive economic aid, the most prominent expression of which was the Aswan High Dam. In addition to the Soviet Union, the Arab system sponsored by Egypt coordinated its policies with other groupings which had their origins outside the two blocs built up around the superpowers, nations such as India in Asia and Yugoslavia in Europe. Cooperation between Cairo, Delhi and Belgrade was the driving force behind the idea of nonalignment. Other areas of international relations in which Egypt was active were in the movements for Afro-Asian solidarity, for national liberation and for African unity. This policy was to pay dividends in the 1960s, when newly emerging groups of nations acquired an influential role in the United Nations.

But the balance of power between the two systems was a precarious one, subject to fluctuations and sometimes even to overlappings. For example, 1959 saw a conflict of interests between the Arab system and the Soviet Union when the latter tried to exploit the system to its own advantage. Fortunately, however, tensions abated, and the Soviet Union continued to be a main pillar of support for the Arab system.

During that period, the most critical and violent confrontations between the two systems erupted in the contested area itself, that area which should have belonged to the Arab system but which, alienated by its progressive social character, saw its interests as lying more within the Middle Eastern system. The advocates of the Arab system were apprehensive that the countries of the area could be used by the Middle Eastern system as bridgeheads in the heart of the Arab world. For the Middle Eastern system these countries were regarded as outposts in the drive to undermine the Arab system. Not surprisingly, the Arab system felt that it could not maintain its cohesion unless it could protect its own borders. And so competition between the two systems continued, with now one side and now the other gaining a tactical advantage.

The most violent clash in the confrontation between the two systems was expressed in the downfall of the Hashemite Dynasty in Baghdad, the most important Arab capital which the Middle Eastern system had succeeded in recruiting, the capital of the Baghdad Pact, which had succeeded the stillborn MEDO. This was

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widely hailed as a decisive blow delivered by the Arab system to the Middle Eastern system. But the latter was quick to retaliate: in 1958, Marines of the U.S. Sixth Fleet landed in Beirut to keep President Chamoun in power at the same time that two brigades of British paratroopers landed in Jordan. The Arab system also suffered a major setback in 1961 with the breakup of the United Arab Republic, a point scored by the Middle Eastern system against the two main pillars of the Arab system, Egypt and Syria. The Yemen War in 1962 was a protracted and brutal conflict between the two systems, with Saudi Arabia fighting to reinstate the Imam and Egypt fighting on the side of the revolutionary officers who had overthrown him. The war was a particularly sensitive one because of its proximity to the huge oil reserves on the Persian Gulf.

And with a final flare-up—the 1967 war—the Middle Eastern system dealt a severe blow to the already debilitated Arab system. The blow was dealt by Israel, true, but its political repercussions went far beyond a victory on the battlefield, and the whole Arab system was jeopardized.

VII

The next six years—until 1973–were particularly critical ones for the Arab system. The most pressing task before it was the liberation of territories occupied in 1967, a task necessary not only in terms of defending its borders but in terms of defending its raison d'être. To paraphrase de Gaulle, a regime that is incapable of defending its borders is bound to lose its raison d'être sooner or later. . . .

In the new post-1967 situation, the United States—the leading power in the Middle Eastern system—assured Israel on two counts: that it would maintain Israel's supremacy over the Arab confrontation powers and that it would not let Israel be pressured, by the United Nations or otherwise, into withdrawing from occupied territories unless and until a permanent peace on American or Israeli terms was first obtained.

In the face of this, Egypt operated in the domain of foreign policy on several levels at the same time:

—to get the Soviet Union to strengthen Egypt's defense capabilities despite Moscow's fear that this could lead to a confrontation with the United States;

—to stress and strengthen the role of the Palestinian people

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and their armed revolution as expressed by the PLO and to strengthen the confrontation lines with Israel by building up an eastern front composed of Syria, Iraq and Jordan that could coordinate with the southern front, i.e., Egypt;

—to extend Egypt's strategic depth. This was assured by the revolutions in the Sudan and Libya in 1969;

—to deter the defection of conservative Arab states to the Middle Eastern system by emphasizing the danger Israel represented to the integrity of the Arab nation as a whole. For the conservative Arab states, this consideration took precedence over their mistrust of pan-Arab nationalism with its progressive social connotations, and they provided the confrontation states with the necessary economic backing;

—to consolidate political alliances that supported the idea and logic of an Arab system, especially with the Soviet Union. This was necessary to counterbalance the United States, which backed Israel and sponsored the Middle Eastern system.

These efforts were to bear fruit in October 1973. The war was a triumphant expression of the vitality of the Arab system, which proved capable of mobilizing all its forces and reinforcing its positions through the wide-ranging alliances it had steadily built up. It also proved it could successfully challenge Israel's security doctrine. Indeed, the strategic aim of the war as defined in President Sadat's directive to the Commander in Chief of the Egyptian armed forces at the time, Marshal Ahmed Ismail, was to destroy the "secure borders" myth put out by Israel; in other words, to challenge the fait accompli it had tried to impose with its continued occupation of Arab territory from 1967 to 1973. In spite of fluctuations during the October War its outcome was, in strategic terms, a victory for the Arab system. This was confirmed to me by Henry Kissinger on the first of his shuttles to Cairo in November 1973. Kissinger recounted how he had told Israel's Prime Minister Golda Meir that, notwithstanding Israel's military advantage in the last days of the war, the Arabs had certainly won the war strategically. In fact, the alliance that the October War had forged was an opportunity to rebuild the Arab system on a firm basis. Unfortunately, this was not to be.

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VIII

After 1973, Egypt's foreign policy appears to have been formulated largely on the basis of assumptions that the Egyptian decison-maker drew from his reading of certain variables he saw on the internal, regional and global fronts.

On the internal front, the adverse psychological effects produced by the Six-Day War had continued for six years and the mood of the people was not improved by staggering economic difficulties, breakdowns in infrastructure and services, inflation caused by the war economy and further aggravated by worldwide inflation following the rise in oil prices and in the price of a number of basic food commodities that Egypt had to import. The desire to alleviate the hardships of the people was translated into an economic "open-door" policy, on the assumption that Egypt's sick economy could be cured by a dose of foreign capital and local private enterprise. However, the catch was that both local and foreign capital gravitated to those areas in which quick profits could be realized, such as land speculation, trade in nonessential consumer goods, and finally tourism, rather than into areas of development and production. This process has bred new parasitical groups that have amassed great personal fortunes without adding to the national wealth or the productive capacity of the country in any way. Moreover, they now represent pressure groups whose allegiance is dubious, first because they are not committed in any way to the production process—whether industrial or agricultural—and, second, because they prefer to retain their wealth outside the country.

The social situation was further complicated by the euphoria raised by the 1973 October War, which was portrayed as having realized a sweeping military victory for the Arabs—as though the Middle East problem were over, and there were to be no more hardships for the people who now had only to reap the fruits of victory. The people's hopes, coupled with the vast wealth they saw being accumulated by other Arab states (thanks to Egyptian sacrifices), made an explosive mixture that had to be defused.

On the regional level, both the economic and political power of the traditional oil-producing states had increased enormously, in large measure as a result of the oil price hike following the October War. It was widely believed that the hopes raised by the war could only be met with the help of these countries, which had for so long vacillated between their natural affinity to the Arab system and their identity of interests with the Middle Eastern system. Among non-Arab states in the region, Iran had become a regional power

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to be reckoned with; its close collaboration in OPEC with the Arab oil producers led to the emergence of a new axis in the region.

Meanwhile, the cohesion of the Arab system, which had proved so strong during the war, began to disintegrate. Relations between Cairo and Damascus in particular became strained after the first disengagement agreement on the Egyptian front, which was followed a few months later by a similar agreement on the Syrian front. There were differences, too, between Egypt and Iraq, Egypt and Libya, Egypt and Algeria. With the main parties in the Arab system divided among themselves, the pillars on which the system was built were toppling.

On the global level, the United States appeared to be the only party capable of bringing peace to the region—an argument the Americans themselves were advancing. For instance, I remember Kissinger telling me that "the Soviets can give you arms and this means war, but only the United States can give you back your occupied territories and this means peace." At the same time that this conviction was growing, relations with the Soviets were deteriorating rapidly. There were several reasons for this, some old, some new. An old source of friction was Egypt's accusation that the Soviets were keeping it short of arms, while the Americans were showering arms on Israel. Another important reason was that personal animosity had developed between President Sadat and the Soviet leadership. And, last but not least, there was the Soviet resentment at being left out in the cold: now that the war option was discarded, they were being asked to step aside and let the Americans take over the peace process. Certainly the fact that the conservative Arab states, which now had the upper hand in the region, regarded the Soviet Union in terms of the "Red Peril" may have had something to do with the deterioration in Soviet-Egyptian relations. The alliances, which the Arab system had built up with such forces as the nonaligned group of nations and national liberation movements, had become superfluous.

IX

On the basis of these assumptions, the Egyptian decision-maker reached a number of important conclusions that were to have far-reaching effects:

1. That the United States was the only power that could make Israel withdraw completely from the Arab territories occupied since 1967. I remember a conversation I had with President Sadat immediately after the October War during which he told me, "that man [Kissinger] is the only person who can order that woman

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[Golda Meir] to get out—and be obeyed." My view, which I expressed to him at the time, was that, however great America's influence on Israel might be, there was still a degree of independent Israeli will.

2. That on this basis the United States must be reassured, i.e., that the Soviet presence and influence must be removed from the region. The conservative Arab states fully supported this decision.

3. That the October War would be the last military confrontation in the Arab-Israeli conflict. It is often supposed that President Sadat's official declarations to this effect after his meeting with Menachem Begin in Jerusalem represented a new departure, but that is not so. I recall his saying in November 1973, only a few weeks after the ceasefire: "This will be the last war while I'm President." This further reinforced the logic that there was no place for the Russians in the region. After all, arms were the lever which had brought them there in the first place and arms would be a lever no longer.

4. That Egypt needed a new "Marshall Plan" to rescue its economy. Funds for such a project were available from two sources only: U.S. government aid and investment by private American capital in Egypt was one; Arab oil money from the oil-producing states in the region was the other.

5. In the light of these conclusions, Egypt had to rearrange its alliances both in the region, where a Tehran-Riyadh-Cairo axis replaced the previous Cairo-Damascus-PLO axis and, on the global level, where the United States and Western Europe have replaced the Soviet Union and the Third World as Egypt's new allies.

Thus the scales are, for the moment, tipped in favor of the Middle Eastern system. In acting on certain assumptions, Egypt, for so long the mainstay of the Arab system, has in effect come closer to the system with which it was locked in such deadly conflict from the end of World War II until the end of the October War. With this in mind, certain important decisions in Egypt's foreign policy, like President Sadat's visit to Jerusalem in November 1977, can be understood more clearly. It was by no means a sudden whim but the logical outcome of new and sweeping changes in the region before which the Arab system has been forced to retreat in disarray, leaving the field open to the Middle Eastern system. These changes have also led to the formation of new regional axes outside the Arab system, indeed directly opposed to it, such as the Tehran-Riyadh-Cairo axis.

Attempts are now underway to create new contradictions in the region in place of the main contradiction with Israel, an important

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partner in the Middle Eastern system. The problem is that the new situation can isolate Egypt from the Arab world and push it into making a separate peace agreement with Israel. Such an agreement would not realize a real peace but, at best, a temporary truce. However, it is doubtful whether even this is possible. The interaction within the Arab world, the powerful pull exerted by the Palestinian cause and the inconclusive assumptions on which Egypt has based its political and social options after the October War all combine to impose constraints on Egypt's foreign policy. These constraints are more pervasive than all the attempts to destroy the Arab system, whether by dividing it—the rift between Egypt and Syria; by dispersing its energies—Egypt's unsuccessful intervention in the Horn of Africa; or by blurring its Arab character—the Islamic Pact.

The strong interaction within the Arab world is what attests to its vitality. This vitality makes the real constituency of any Arab leader the Arab world as a whole. Before making a decision, the decision-maker must assess how it will be received not only in his own country, where he is vested with official authority, but by the rest of the Arab world where, like it or not, he is expected to live up to a kind of moral authority that he automatically represents. Together with his ability to attune his decisions to the mood of the whole region, this moral authority is what gives any Arab ruler, especially in Egypt with its central role in the Arab system, stature and importance. But, in counterpart, there are restrictions and limitations no Arab ruler can afford to ignore unless he is prepared to risk losing his real constituency and with it his regional and international standing.

Thus, in spite of the temporary advantages chalked up by the Middle Eastern system, the Arab system has important assets that can well turn the tide in its favor once again. But not, I suspect, before a great many vicissitudes and convulsions afflict the region. I recall a question I put to Chou En-lai in Peking in 1973 on how he saw future developments in the Third World. He thought for a moment, then said: "The Third World has not adapted to the realities and demands of our times and is consequently lost between the two superpowers which are seeking to divide the world up into zones of influence. I see many upheavals coming, old alliances breaking down and new alliances taking their place. I see chaos everywhere."

It would seem that Chou En-lai's prediction has come to pass in the Middle East with frightening accuracy.

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W. Michael Blumenthal

STEERING IN CROWDED WATERS

The leaders of the world's great industrial powers do not always share common views on economic policy issues these days. But on one subject they are certainly agreed: there has rarely been a time when the art of governance was more demanding and the choices of policy more circumscribed.

In the field of international economic policy, the going seems especially hard. Accordingly, it helps to go back to fundamentals: to ask what the nature of the underlying problem may be; to redefine the main goals; and to lay out broadly the directions toward these goals.

II

Practically all countries, whether industrialized or developing, capitalist or socialist, have been caught up in a common set of forces that are shaping and complicating their international economic policies.

First and foremost is the fact that the rate of global economic growth has been slowing down. Some see that slowdown as a long-term process which began in the 1960s and continued into the 1970s. Others attribute the slowdown to the vast changes in the world's energy situation that surfaced in the early 1970s, when prices rose by 400 percent and a portion of the world's savings was abruptly diverted to the world's oil-exporting countries.

Whatever the causes, the result has been that most governments have had a much harder time finding the resources to provide some of the things that their people have been demanding. Everywhere, governments are being asked to deliver a lengthening list of so-called public goods, including health services, educational opportunities, clean air, and police protection. And everywhere, they are being asked to reduce the risks to which their people are exposed, including the risks of disaster, unemployment and old age.

At the same time, while resources have been shrinking and demands have been growing, changes in the technology of international communication and international travel continue to bring

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the different national economies into closer and closer contact. The orbiting satellites of COMSAT link London to San Francisco as easily as to Liverpool. Concorde ties Paris to Washington more easily than to Marseilles. As these changes have occurred, businessmen and bankers have pushed outward from their home territories and established new multinational networks that link the various economies of the world more intimately than ever before. As a result, over the past decade or two, international trade has grown considerably faster than internal trade, and foreign investment considerably faster than home investment.

The United States has been no more immune from these forces than any other nation. For example, by the latter 1970s, the purchases of goods and services by federal, state and local governments amounted to over 20 percent of the nation's gross national product, as compared with a figure of 14 percent a quarter-century earlier. Over the same period, the total payments that our government was making to various disadvantaged groups in our economy, such as the aged and the unemployed, reached ten percent of gross national product, doubling the earlier ratio.

Evidence of the increased involvement of the U.S. economy with the rest of the world has been just as striking. American merchandise exports, which were only about five percent of our total production of goods in the early 1950s, had risen to over ten percent in the latter 1970s. At the same time, leading U.S. firms had so greatly increased their stake in overseas production that the output of their foreign subsidiaries and branches had grown to over one-quarter of the firms' U.S. production. Today, with upwards of $350 billion of assets held by Americans in foreign countries and $275 billion or so held by foreigners in the United States, we are irretrievably linked to the world economy.

In times of stress, national leaders have been tempted from time to time to cut off the outside world and retreat within a national shell. It was never easy and seldom sensible. But now the political and economic consequences of any such retreat are simply too large for any major country to bear.

In political terms, the destiny of Europe, the United States and Japan are inextricably linked. Reflecting that fact, the elections in France and Italy draw almost as much attention in the U.S. media as they do in Europe. At the same time, trends in U.S. domestic politics are followed with almost as much care in Europe and Japan as in the United States.

In economic terms, the linkage is just as deep. The growth of international trade, international investment, international licen-

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sing, multinational enterprises, and multinational banking has produced a new economic structure, accompanied by marked increases in overall efficiency. Leaders of most countries cannot seriously contemplate a major retreat as long as any alternative seems to exist.

There are some special characteristics of the U.S. government and U.S. politics, however, that have made it particularly hard for our government to act as if it fully recognized the link between its internal fortunes and its external ties. One such characteristic is the unique relationship of the Congress to the President. Under the Constitution, fortified by law and tradition, domestic economic affairs are the special domain of the Congress, while foreign economic affairs fall more heavily under the President's control.

At least that was the way it was when domestic affairs and foreign affairs could be readily distinguished. Today, however, practically every major issue in U.S. politics has strong foreign implications as well. As a result, what Congress sometimes sees as primarily a domestic issue, the executive branch often sees as primarily a foreign one. There are occasional signs that Congress and the executive branch may be struggling toward some kind of new relationship that would reflect that change in basic circumstances. But the struggle is still going on and the new relationship is far from having been achieved.

III

Meanwhile, as a nation, we must meet the challenges that go with conditions of increased interdependence. One fundamental need is to assure an appropriate compatibility between our domestic and our international economic policies. The issue is not new, but it has been given new urgency by the extraordinary growth and abrupt changes in international economic relations in recent years. The evolution that has taken place in the international monetary system over the past half century reflects the progress of our thinking on how best to meet this requirement.

Under the gold standard—at least as it was supposed to have operated—domestic economic policies were clearly and sometimes brutally subordinated to international imperatives. With exchange rates more or less permanently fixed, an external payments deficit led inevitably to specie outflow, a reduction in domestic money supply, price and wage reductions, and losses of income and employment. The adjustment process operated effectively, perhaps, but very harshly and inflexibly. Democratic governments became increasingly unwilling and unable to tolerate its rigors—as

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illustrated most dramatically by the British experience in the 1920s—and the system collapsed.

The Bretton Woods par value system represented a highly successful effort to counter the tendencies toward economic conflict, trade and capital restrictions and aggressive exchange rate behavior of the interwar period. It was based on a philosophy of cooperation, and, while it attempted to restore the framework of a gold standard, it incorporated greater flexibility and greater freedom for national policy formulation—most importantly by permitting par value changes in the event of "fundamental disequilibrium."

But the mechanisms of that system were based on the world of the 1940s: most importantly, the existence of one dominant nation, the United States, which could maintain the link to gold and whose currency served as the "nth currency," with the exchange rate determined by the actions of other countries. With relatively fixed supplies of gold for official reserves, the dollar became the residual supplier of rising world liquidity needs; and, in part because the rigidities of the exchange rate system led to a gradual overvaluation of the dollar, the United States' external position began to come under mounting pressure. The situation was sustainable for a time but became increasingly unsatisfactory, both to the United States and to other countries. When it became clear that conditions had changed in a fundamental sense—with the growth of Europe, Japan and the developing nations as strong competitors, and the inadequacies of U.S. economic policies in the latter 1960s—first efforts were begun toward reform of the system. The Special Drawing Rights facility in the International Monetary Fund was agreed upon in 1968 to provide the world with a supplementary reserve asset; and toward the latter part of the decade, the IMF began discussion of the possibility of introducing greater exchange rate flexibility into the system.

The IMF's exchange rate discussions did not lead to significant change, and the creation of the SDR facility alone could not deal with the structural imbalances that had developed. Ultimately the system based on par values and gold convertibility could not be maintained. With the suspension of gold convertibility by the United States in August 1971, the world embarked on negotiations aimed at achieving an unprecedented multilateral adjustment of exchange rates and payments imbalances in the near term, as well as more fundamental reforms of the system over the longer term.

The course of the negotiations on international monetary reform was punctuated and changed sharply by a series of dramatic

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developments in the world economy during the 1970s: commodity boom; rapid and disparate inflation rates; widespread adoption of floating exchange rates; steep increases in the price of oil; deep recession; and, finally, economic recovery.

From this experience and negotiation, a new system has emerged and is now embodied in the Second Amendment to the IMF Articles of Agreement. It retains the central Bretton Woods philosophy of cooperation and pursuit of open, liberal international trading and financial arrangements. But it represents a further major step in the historical evolution away from efforts to force stability on nations through an external mechanism (as the *gold standard and Bretton Woods system had tried but failed to* do), and in the direction of developing stability through the application of sound underlying economic and financial policies in individual countries.

It is widely recognized that the move to more flexible exchange rates in the past few years has been of great help to the world economy in dealing with the shocks noted above: by helping to begin the necessary process of adjustment to radically changed circumstances and by providing a release from severe balance-of-payments pressures under a more rigid exchange rate regime that might have led to a far more restrictive and uncooperative world economic environment. At the same time, greater flexibility in exchange arrangements has *not* permitted governments to pursue internal monetary and fiscal policies without regard to their external effects, nor has it freed countries from concerning themselves about developments in their exchange markets.

One notes increased ambivalence in some circles about the new system, perhaps because of growing realization that expectations on these points were not realistic. The exchange market implications of persistent large payments imbalances are often discomforting: export industries and workers are not happy about exchange rate appreciation; consumers do not like to see the prices of their imports rise because of depreciation; private and official entities holding large amounts of foreign currencies react strongly to exchange rate changes. These and other factors can bring powerful forces to bear on the process of national economic decision-making. Accordingly, though the existence of a flexible exchange rate system can make a major contribution to effective balance-of-payments adjustment, it does not obviate the need for national economic discipline, for setting the fundamentals right. Nor does it reduce the need for nations to consult and cooperate with one another in the formulation of their respective policies.

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The United States' approach to the present imbalance in world payments is very much in line with the philosophy of the new international monetary system. We will continue to intervene in the exchange market, at times in large amounts, to counter disorderly conditions. But we recognize frankly that the key to exchange stability lies in the application by individual nations of sound financial and economic policies. This is why the Carter Administration has been so insistent on the need to get global fundamentals in line. This is why we have encouraged West Germany, Japan and other countries with appreciating currencies to grow more in keeping with their capacity and with the faster pace being maintained by the United States. This is why we have urged the adoption of energy legislation by the Congress which would eventually bring our own energy prices in line with the higher prices that others are already bearing and reduce our dependence on imported oil. This is why we are fighting for measures which will bring down our rates of inflation. And this is why we are strengthening governmental efforts to promote exports and increase the export consciousness of U.S. firms.

The prospects for orderly exchange market conditions are improving as growth and inflation differentials appear to be narrowing and global payments imbalances are coming down. Stability will be enhanced once the Administration's energy, anti-inflation and export programs begin to bear fruit. But if we are to succeed in gaining and maintaining a smoothly functioning international monetary system for the longer term, we must envisage a greater degree of surveillance in the IMF and elsewhere of each others' policies. Difficult as it may seem, governments must learn to communicate much more effectively about critical economic policies. Progress has been made in this direction in recent years, working through the Organization for Economic Cooperation and Development (OECD) and economic summit meetings, as well as through development of a new cooperative framework in the IMF. But the difficulties encountered in attempting to resolve problems among key countries in the past year illustrate how far governments have yet to go.

Like all governments, the U.S. government will have to reconcile itself increasingly to the fact that no country any longer is an island; that all countries, in surplus or in deficit, must take due account of the external repercussions of their domestic policies. Given the structure of our government, with its diffusion and duplication of authority in the Congress, the courts and the executive branch, such a change in attitude and practice will take

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some doing, but it is a step that must be taken.

IV

In the field of international trade, as in the field of exchange rate policy, governments are found struggling between the same powerful countervailing forces. On the one hand, governments are obliged to respond to various demands from their electorates for economic security and economic equity; at the same time, governments are obliged to maintain strong economic ties with other countries in order to keep their economies growing.

To some degree, both these themes have always been present in U.S. trade policy. But in the first decade after World War II, the need to get the world economy rolling again was sufficiently urgent in the eyes of policymakers that the greater emphasis was placed on the reduction of the world's trade barriers. Through the General Agreement on Tariffs and Trade and later through the European Economic Community, the industrialized countries undertook a wholesale dismantling of their trade restrictions and a dramatic reduction of their tariff levels.

Looking back on the events of the past three decades, that emphasis seems to have been thoroughly vindicated. In that period, the economic growth of nations has been more rapid and more pervasive than for any such period in modern history. Nevertheless, in the latter stages of the period, as overall rates of growth began to slow up, the United States and other countries began to give greater weight to the objective of limiting the risks and redistributing the benefits that an open international society had helped to generate.

This shift in emphasis has been evident in a spate of new measures—some domestic, some international. In the United States, it has led to the adoption of trade adjustment provisions in the Trade Expansion Act of 1962, and to the broadening of such provisions in the Trade Act of 1974. Slowly, by trial and error, the United States is beginning to learn both the possibilities and the limitations of redistributing the burdens of adjustment. At the same time, at the international level, nations have been experimenting with various agreements, so-called orderly marketing agreements, that are intended to stretch out the adjustment process whenever that process seems to be laying an intolerable burden on the economy. This kind of experimentation represents very strong medicine, to be taken cautiously, in small doses, and under rules that are widely accepted by other governments. But it represents part of the effort to find ways of cushioning the

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adjustment process, while keeping our eyes fixed unwaveringly on the objective of maintaining an open international society.

The problems of the policymaker in international trade, however, involve other issues of importance. For the past 30 years, the United States has been relying mainly upon the General Agreement on Tariffs and Trade, the GATT, to promote the concept of nondiscrimination and open international borders in international trade. The fact is, however, that an increasing proportion of the world's trade has been falling outside the rules of the GATT and similar agreements, much of it being conducted on the basis of the simple anarchistic principle of the relative power of the parties.

To be sure, the GATT's general rules have never been applied to much more than the trade in industrial products, and even then only to trade in such products between the industrialized countries. Agricultural products and oil and gas have always been handled as special cases. The less-developed countries have obtained a nearly unqualified right to avoid the GATT's rules for all their trade, whether with the rich industrialized countries or with one another. Finally, the state-trading nonmarket economies have never been well incorporated into the GATT structure of commitments.

Even with regard to the area covered by the GATT, a certain attrition has occurred. With tariffs reduced to comparatively low levels, with licenses and quotas on foreign trade a relative rarity, governments have been turning to other devices to promote their national industries—devices that are less obvious, but not always less powerful, than the tariffs and licenses they replace. These devices include preferences to domestic firms in government procurement, selective subsidies to individual firms, and the imposition of performance requirements on individual firms, including export targets and import limitations. The United States is hardly a leader in creating this new wave of beggar-thy-neighbor devices; but neither has it held aloof from the process. Our federal government was a pioneer in the fashioning of buy-at-home laws, and our various state governments have been learning rapidly how to offer subsidies to enterprises whose activities they wish to promote.

The mammoth negotiations that are presently going on at Geneva under the aegis of the GATT, the so-called Tokyo Round, may prove critical in signaling the first important counter-thrust against these destructive trends. Even so, they can only signal a beginning, to be followed up over the years by hard negotiations that will once more extend the scope of rules of the game in international trade.

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It is possible, however, that many developing countries will be unwilling to accept a strengthening of the GATT's rules, particularly if those rules are to be applied to them.

If the developing countries demur, they may leave the United States and other like-minded countries with a very hard choice. To be sure, few governments would insist that the very poor countries should now accept the obligations that their membership in the GATT will eventually entail. But other nations that classify themselves as developing economies no longer fit comfortably in the category of the very poor. Having vastly improved their capacity to produce and sell for world markets, they must begin sharing with the advanced countries not only reciprocal rights but also some reciprocal obligations. As the newly industrializing countries begin such a transition, the preferences and exemptions in international trade that have been applied in order to help developing countries will acquire even greater value for the very poor that remain in that category.

Finally, there are the perennially unsettled problems of dealing effectively with the nonmarket economies. These problems are principally two. One is how to ensure that the costs and benefits of international trade and investment are fairly divided between us and them. The other—far more important in its implications—is to ensure that the spread of their trading practices and trading institutions does not force our market economies to give up their systems of trade, systems that stress nondiscrimination and open boundaries in the conduct of international economic relations. This remains an unsolved problem, which may eventually require mutually agreed common policies on the part of the market economies.

V

Perhaps the knottiest set of problems that confront us in the field of international economic relations stems from the phenomenal growth of foreign direct investment over the past few decades, accompanied by the multinationalizing trends so common in business and in banking. During those decades, most large companies headquartered in the advanced industrialized economies have acquired substantial producing facilities outside their home country, facilities that they usually operate in close concert with the home installations.

Some of the benefits of this development are fairly evident. At the same time, new problems have accompanied the benefits.

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One of these problems has been the treatment of foreign-owned enterprises under the laws and practices of the countries where they operate. Speaking technically, such enterprises have typically been created under the laws of such countries and have been entitled to the status of nationals within those countries. In practice, however, practically every country has distinguished its treatment of foreign-owned enterprises in one way or another from that of nationally owned enterprises. Dealing with this problem has been difficult for many reasons.

One of these is that no appropriate institutions exist for developing effective rules of the game on this thorny subject. There was a time when nations sought to handle such problems through bilateral treaties of establishment, and many such treaties are still extant. But these have proved inadequate for the complex task.

Another major problem has arisen from the ambiguous nature of a foreign-owned enterprise operating in another country. The inescapable fact is that any international investment involves the interests of more than one national jurisdiction. As foreign direct investment has expanded, therefore, the problems associated with concurrent jurisdiction have grown apace. Home governments from time to time issue commands that can directly affect the behavior of the subsidiary or branch abroad. Host governments often do the same, commanding the foreign-owned subsidiaries in their jurisdiction in ways that could affect the parent at home.

Finally, governments everywhere have felt uneasy over the far-flung character of the operations of multinational enterprises, operations that extend well beyond any single national jurisdiction. In areas such as taxation and competitive behavior, the limits on their scanning capacities have led governments at times to feel that something important was being missed.

Problems of this sort have generated numerous reactions in international circles. Most common have been the innumerable proposals for "codes of conduct" to be applied to multilateral enterprises. Some of these efforts have a certain utility, such as the code recently adopted in the OECD. But most such approaches have missed the mark, largely because they have failed to recognize that the root of many of these problems lies in the inescapable issue of concurrent and overlapping jurisdictions, rather than in some built-in propensity of multinational enterprises to misbehave.

The task for policymakers is to reconcile two conflicting needs: the need of all governments to feel some sense of control over their own national jurisdiction; and the need to preserve the efficiencies that multinational enterprises can generate. Of course,

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as long as the world's leading multinational enterprises came mainly from the United States, it was unrealistic to hope that other governments might be interested in confronting this issue seriously. Today, however, many leading multinational enterprises are headquartered in continental Europe, Britain and Japan. A few even can be seen spreading from their headquarters in developing countries such as Mexico, Brazil and India. Accordingly, the opportunity for serious international discussions may be coming closer to hand. We shall have to meet that opportunity, when it arises, with new proposals that deal forthrightly with the problem of concurrent national jurisdictions.

VI

The critical issues that confront the advanced industrialized countries, therefore, demand measures that are basic and systemic in nature.

The increases in the political and economic interrelations of the advanced industrial societies have been so great in recent years as to strain the existing institutional structures. Within such societies, the adaptation of political institutions to the new situation has barely begun. Between such societies, the institutions required for harmonizing and coordinating national action are also in a primitive and rudimentary stage.

Meanwhile, the possibility of effective action is being inhibited by various special factors. One is the special group of problems generated by the energy crunch. Another is the slowdown in the rate of growth of the advanced industrialized countries, a slowdown that adds to the difficulties of national leaders as they attempt to deliver an ever-increasing bundle of public goods and public safeguards to their national constituencies.

The challenge that these circumstances present for the leaders of the advanced industrialized countries is formidable. But the challenge is especially strong for the United States. Our country remains by all odds the largest and most powerful of nations. Our stake in maintaining a fair, open and efficient international order continues to be very large.

Despite the special difficulties of the moment, therefore, the United States can be counted on to support various initiatives for strengthening such an international order.

In the monetary field, for instance, the United States will give its full support to the International Monetary Fund in the execution of its new responsibilities for the surveillance of the international monetary system and of exchange rate policies of its members.

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This enlargement of the powers of the Fund promises to help in the effort to achieve stable underlying economic and financial conditions in member countries, in the prevention of disorderly foreign exchange markets, and in the avoidance of competitive devaluations among member countries. But the effectiveness of the provisions will depend on the quality of the cooperation that the Fund receives from its members.

In the field of international trade, the challenge is to widen the area in which the GATT's principles are applied and in which fair and open competition is maintained. To that end, one U.S. objective will be to increase the number of countries that are subject to the rules of the GATT, including notably some of the rapidly industrializing countries that have become major factors in world markets. Another U.S. objective will be to place effective limits on various techniques of trade protection that heretofore have been outside the limits of the agreed international GATT rules, such as subsidies and performance requirements.

In the field of international direct investment, the challenge is to develop an international environment that will allow investors to make their economic contribution, under conditions that are fair to all the parties; and to reconcile the sovereign powers of the various states that are the source or the destination of such investments, mediating conflicts where they arise. An international environment of that sort is not created overnight; it is made up of many different elements, such as nationalization policy, tax policy and competition policy. We have already begun to forge the needed institutions and arrangements, such as our program of bilateral tax treaties, the various systems of consultation developed inside the OECD structures, and the voluntary OECD code for multinational enterprises. But that is only a bare beginning, and the United States remains dedicated to moving much further toward the completion of this essential task.

VII

The monetary, trade and investment issues discussed here are critical manifestations of a larger problem still. This is a world made up of separate nations, each with its own aspirations, its own history, and its own politics. It is also a world that is shrinking fast, creating new interdependencies and new opportunities. How best can these two unshakable facts be reconciled? How can we profit from the benefits of our growing interdependencies while pursuing our separate national needs? That is the basic challenge to which nations must respond.

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Jahangir Amuzegar

OPEC AND THE DOLLAR DILEMMA

The sustained and alarming depreciation of the U.S. dollar against some major European currencies and the Japanese yen during 1977 and the early part of 1978 has ushered in a new element of instability in the shaky international monetary system. One of the most critical effects of the dollar devaluation has been a new and unwelcome pressure on the real price of crude oil, which has been steadily shrinking since 1973 (despite the two 10-percent-upward adjustments in October 1975 and December 1976).

Columnists and economic prognosticators have been wondering how long the members of the Organization of Petroleum Exporting Countries (OPEC) are going to tolerate continued declines in the exchange value of their substantial oil export earnings, and acquiesce in the erosion of their dollar-denominated assets. The jitters about OPEC's possible counteractions have been triggered by a series of statements and warnings by OPEC officials regarding the dollar's 1977 performance and its rather uncertain future. Cabinet ministers from Iraq, Indonesia, Kuwait, the United Arab Emirates and Venezuela have expressed their concern publicly, and have formally asked their fellow OPEC members to take concrete actions to stop revenue losses. Even the Iranians and the Saudis, who seem to have considered the dollar's fall as temporary (and a decision on changing the methods of oil pricing or oil payments as premature), have reportedly been nervous about their ability to hold the line against the oil price rise, if the dollar should continue to decline.

II

OPEC's worries about the continued erosion of its purchasing power, and the market's fears about the oil exporters' reactions, have been both serious and real. Between January 1977 (when the crude oil price was last raised) and April 1978 (when the dollar showed faint signs of stabilization), the U.S. currency depreciated

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by more than 22 percent against the Swiss franc, 21.5 percent against the Japanese yen, nearly 14 percent against the deutsche mark, 10 percent against the pound sterling, some 6 percent against the French franc, and even a small 3 percent vis-à-vis the Italian lira. While the decline of the U.S. dollar over a 21-month period, weighted in terms of U.S. trade, was much less than these figures might indicate[1]—actually, only 7.5 percent—the damaging impact on OPEC as a whole, and particularly on some of its members, was considerable.

Due to differences in individual countries' trade direction and reserves composition, actual losses resulting from the dollar depreciation are not easy to assess. These losses obviously loom substantially large for those OPEC members (e.g., Algeria, Iran, Iraq, Indonesia, Kuwait and Nigeria) that purchase more than 70 percent of their import needs in the West European and Japanese markets, and for those (e.g., Saudi Arabia, Kuwait, and some other Persian Gulf oil exporters) that hold the bulk of their accumulated reserves in U.S. securities and dollar accounts. For a country like Venezuela, which has some 60 percent of its trade with the United States, and also keeps much of its multibillion dollar reserves in dollar-denominated assets, the picture is mixed: exchange losses in foreign trade are less pronounced in comparison with, say, Iraq or Libya; but the erosion of purchasing power of dollar balances is more substantial.

For OPEC as a whole, the outcome would depend on the duration of the dollar downswing, the currencies against which the depreciation is measured, the weight of such currencies in a basket, and other trade-related factors. Thus, in terms of the value of Special Drawing Rights (in which the U.S. dollar itself has a 33 percent weight) the depreciation of the U.S. currency between January 1977 and April 1978 was about seven percent. Measured against the arithmetic average change in the dollar value in terms of the 11 currencies under the so-called Geneva II formula,[2] the dollar's loss of value was more than ten percent. And the average decline (trade-weighted in terms of *OPEC's* imports from the 11 countries concerned) would give a figure of nearly 18 percent.

[1] Over the same period, the U.S. dollar appreciated against a number of other currencies, such as the Canadian dollar, Swedish kroner, Spanish peseta and Israeli pound, among others. Of these, Canada in particular had a large share of U.S. trade. But these countries had no significant share in *OPEC's* bilateral trade.

[2] An agreement reached between OPEC and major oil companies in Geneva on June 1, 1973 called for an adjustment of the posted price of marker crude in the Persian Gulf in terms of the arithmetic average of changes in the value of the U.S. dollar vis-à-vis the Australian dollar, Belgian franc, Canadian dollar, French franc, deutsche mark, Italian lira, Japanese yen, Dutch guilder, Swedish kroner, Swiss franc, and pound sterling.

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Taking a half-way figure of 12.5 percent between the SDR-based depreciation of seven percent and the trade-weighted Geneva II estimate of 18 percent, the order of magnitude of OPEC losses during the December 1976-April 1978 period can be conservatively put at about $15 billion. To this figure should be added the loss of buying power of OPEC's estimated $70 billion in liquid reserves, and of some $80 billion in foreign placements (half of which is reportedly kept in dollar deposits and dollar assets).[3]

III

The most talked-about schemes for OPEC to deal with dollar depreciation are (a) a new hike in the price of oil to compensate for the dollar's fall—proposed by Iraq, Kuwait and Venezuela, and supported in principle by Indonesia; and (b) a switch from the dollar to a currency basket, or currency cocktail for the purpose of oil-pricing policy—advocated by Iraq, Qatar and the United Arab Emirates, and supported by Venezuela.

The call for a new oil price rise during the remainder of 1978 is rooted in the argument that the continued deterioration of the dollar value has "absolved" OPEC members of their commitment to a temporary price freeze made in the Ministerial Conference at Caracas in December 1977. Members are thus free to vote for a price rise. The wisdom and practicality of such a move, however, has been the subject of considerable speculation in and out of OPEC circles. The soothsayers are widely divided this time. Some analysts believe an oil price hike of 5-10 percent, beginning July 1, 1978, "likely"—due to the expected rise in the West European demand for oil, and OPEC's downward output adjustment to reduce the existing "glut." Others, taking a gloomier view of a significant world economic upturn this year and next, predict the continuation of a soft market for oil and the need for a steady oil price until mid-1979 and perhaps through 1980.

Judging by the statements of the two largest exporters so far, the oil price freeze is likely to continue for the balance of this year unless Western economies recover sufficiently (and the demand for oil increases correspondingly)—or, alternatively, unless the U.S. dollar maintains its downward slide. This view seems to have prevailed in the informal meeting of OPEC oil ministers in Taif, Saudi Arabia, on May 7, 1978.

[3] If the higher costs of industrial imports by OPEC members were to be added to the loss of purchasing power, the combined loss is estimated to have reached 23 percent in one year. By one estimate, the value of a barrel of crude oil to OPEC members in terms of their combined 1974 import price index was in the neighborhood of only $5 compared to the nominal price of $12.70.

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Another suggested scheme to make up for dollar depreciation would be a shift to a basket of currencies as the basis for pricing crude oil. In the OPEC ministers' summer meeting in Gabon in June 1975 (when the U.S. dollar had again been on a slide for the previous several months) a switch to Special Drawing Rights (SDR) was discussed, but no firm decision was taken. Subsequent recovery of the U.S. currency against the SDR and other major currencies obviated the need for further action.

The interest in a multi-currency basket as the basis for oil pricing was revived in mid-1976 when the U.S. dollar began its second protracted depreciation vis-à-vis the SDR and the currencies of major industrial countries. Early in 1978, the Oil Minister of the United Arab Emirates publicly called for the substitution of a new basket of currencies for the U.S. dollar as the pricing unit.[4] Other proposals so far widely discussed have had to do with (1) a revised SDR basket in which the U.S. dollar would have a smaller weight, or would be eliminated (along with OPEC currencies) in favor of the Swiss franc; (2) a renewed Geneva II basket; and (3) a four- or five-currency basket comprising the mark, yen, French franc, pound sterling, and Swiss franc.

The shift to a currency basket, regardless of its composition and relative weights, is a complicated and not altogether riskless undertaking. It may reduce exchange risks, but cannot eliminate them; and it is subject to the inevitable disadvantage of "symmetry." Oil pricing in terms of the SDR would benefit the oil exporters by (a) reducing fluctuations in oil earnings in terms of domestic currencies; (b) increasing stability of petroleum revenues relative to import expenditures from non-"hard currency" sources, which currently account for more than 55 percent of OPEC imports; and (c) enhancing OPEC's bargaining position vis-à-vis the major oil companies by cutting the exchange risks that the latter must bear or hedge against because OPEC oil is paid for in U.S. dollars, but is sold in world markets in a mix of currencies. Other baskets may also be similarly attractive from the standpoint of OPEC interests.[5]

But, from the vantage point of protecting the purchasing power

[4] Some 70 percent of the new basket was to be comprised of traditional hard currencies such as the dollar, mark, sterling, yen, and Swiss and French francs; 20 percent would be made up of OPEC currencies such as the Saudi riyal, Kuwaiti dinar, etc.; and the remaining 10 percent would be expressed in gold.

[5] The SDR basket has certain clear advantages over other baskets in that it is internationally recognized, multinationally controlled, and with currencies that are probably as nearly representative of OPEC's imports (although not in exact weighting) as any special import basket that OPEC members may desire.

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of oil revenues, the SDR, like any multi-currency basket, is a double-edged sword. As long as the U.S. dollar weakens in world markets, a barrel of crude oil priced at so many SDRs would naturally fetch more dollars, and larger dollar payments to the oil exporters. But, if the dollar should recover from its recent low points (as it did shortly after the 1975 Gabon meeting) OPEC would face sizable exchange losses. That is, if—as is now widely surmised—the dollar's long ordeals should be over, and its value should begin to rise in terms of both the SDR and other hard currencies, then a switch to the SDR basket at this time would be sheer financial folly for OPEC (as it was in June 1975).[6] OPEC would not receive its full share out of the dollar's upturn, and smaller dollar payments for the same volume of oil exports would be obtained. Only if one were to be sure that the U.S. currency would begin to falter again, after its temporary stabilization, would a shift to the SDR (or any other currency cocktail) be financially rewarding. Timing is of crucial significance. So is crystal-ball knowledge about the U.S. medium-term external balance of payments.

Short of perfect timing, what OPEC can do with the SDR (or for that matter, any other basket) is to "backdate" the effective date of its switch from the dollar—a proposal that was vaguely contemplated in Gabon. That would mean choosing a date when the U.S. currency had its highest value in terms of the SDR in the last 22 months (e.g., June 1976). But such an action at this time would unequivocally mean raising the price of oil by about eight percent. And this is a measure that has so far strongly been disfavored by the two largest oil exporters.

Another option would be the adoption of an "asymmetrical" SDR basket (which was originally considered but not adopted by the International Monetary Fund). In this method of valuation, the SDR would only reflect the appreciations of its embodied currencies but not their depreciations.[7] A third possible alternative would be to add a safety net to the SDR pricing by providing a "floor price" for the marker crude expressed in dollars so as to offset any future SDR depreciation against the U.S. currency. A fourth possibility would be the adoption of the SDR not only as a

[6] Had the SDR been adopted in June 1975 at the then-prevailing SDR-dollar rate, other things remaining the same, the cumulative OPEC losses up to March 1978, it is estimated, would have been between $20 billion and $27 billion, depending on methods of calculation. These figures, of course, presuppose that an OPEC decision to peg to the SDR would not have had by itself any effect on the market value of the dollar—a not very plausible assumption.

[7] For a brief discussion of this method, see J. J. Polak, *Valuation and Rate of Interest of the SDR*, Washington: IMF, 1974 pp. 12-16.

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denominator for pricing crude oil, but also as a numerator for payment of oil revenues. In this case, oil exporters would receive payments in the actual currencies included in the basket in proportion to their fixed *quantities*—thus ensuring the stability of oil receipts regardless of exchange movements. But since not all the 16 currencies in the current SDR basket are readily available to the oil companies, nor needed by the oil exporters, a series of purchases and sales would have to be made in exchange markets (at substantial commission costs to the companies and countries alike) to convert unneeded currencies into desired ones.

Any one of these schemes, however, in addition to their inherent price-raising character at this time, entails some purely psychological effects on exchange markets. In general, any change of the oil-pricing formula away from the dollar when the dollar is weak is likely to further erode world confidence in the U.S. currency and to add to its downward pressures.[8] The dollar's plunge following the switch may help boost oil exporters' receipts from immediate oil shipments; but it would also further depreciate their huge dollar balances, and would thus certainly be resisted by surplus members. This is perhaps a major reason why Saudi Arabia has so far objected to any switch from the existing dollar system.

IV

The implications of a widely fluctuating, and shrinking, dollar are not only of vital concern to OPEC members, but are of serious portent to the viability and efficiency of the international monetary system. World public opinion often closely relates a country's political leadership, economic power and administrative resolve with the strength of its currency. The drop in dollar value aggravates U.S. inflation and has a rather slow beneficial effect on America's balance of trade. The weak dollar also encourages the flight of capital from the United States, and slows down U.S. private domestic investments. For not altogether clear reasons, the sick dollar also depresses the U.S. stock market. And, above all, a failing dollar upsets the whole fragile fabric of the present international monetary system.

Under the recently amended Articles of Agreement of the International Monetary Fund, every country is free to choose its own exchange arrangements, i.e., to peg its monetary unit to another member's currency, or to a basket of currencies of its own choosing, or to the SDR; or not to peg, and to follow other

[8] For this reason, the U.S. Treasury has opposed any shift by OPEC from the dollar pricing.

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procedures—subject only to an overall "surveillance" by the IMF.[9] Under this system each member agrees to collaborate with the Fund and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates.

Such a system may be sustainable under certain provisions, but its overall stability cannot be assured. With gold out of the system, and the SDR not yet firmly in place, the present order is in practice a dollar standard under which the United States shares the control of world liquidity with some other major currency centers, the international private banking community, and the IMF. A tolerably satisfactory functioning of the system would therefore hinge upon extensive central bank and intergovernmental cooperation along with certain supranational supervision of the Eurocurrency market through the IMF. The system is likely to be crisis-prone in the absence of multilateral surveillance.

Under these circumstances, where major industrial countries (especially the so-called locomotive countries) pursue largely inward-oriented and politically easy domestic economic policies, no one can be indifferent to how one's exchange rate moves, and everyone is increasingly disposed to regard the currency rate as an instrument of policy. Thus, to the extent that major trading countries follow widely divergent growth, employment, price and budgetary policies at home, any fixed exchange rate system—whether by regions, hemispheres or large economic blocs—would be subject to violent twists and turns; it would also be highly prone to economic warfare in the form of competitive exchange depreciation, trade restrictions and beggar-my-neighbor policies.

With no firm commitment on the part of industrial countries to coordinate their employment and price policies, a return to a system of "fixed but adjustable" par values (while widely desirable) would thus be highly impractical. And, with several hundred billions of the so-called footloose dollars floating in the world exchange markets, exchange fluctuations could still be expectedly large, and short-term capital movements destabilizing. Meanwhile, businessmen's attempts to deal with the situation through forward exchange contracts, long-term private currency swaps, and a judicious use of the capital market, and the governments' attempts to underwrite exchange risk insurance, are at best no more than stopgaps.

[9] As of April 30, 1978, some 67 IMF members pegged to a single currency (44 to the U.S. dollar, 14 to the French franc, 5 to the pound sterling, and 4 to other monies). Some 31 countries pegged to a composite basket of currencies; 21 were regarded as "floating"; and the remaining 14 countries followed other arrangements.

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As long as these conditions prevail, an OPEC shift to the SDR may be only a second or third best alternative—short of full indexation for inflation in the major oil-consuming countries, and full compensation for exchange depreciation. The most desirable arrangement would naturally be periodic price adjustments in response to world demand and supply of oil and exchange rate movements. But for these adjustments to be smooth, gradual and absorbable, the dollar rate vis-à-vis major world currencies should remain pretty stable and predictable.

The dollar's stability, in turn, would depend on removing the root causes of world monetary imbalances. By any measure, the U.S. dollar is the world's most outstanding currency due to the sheer size of the U.S. economy, and also because the dollar is now virtually the international system's main means of payment and its principal reserve asset (i.e., nearly 65 percent of total world reserves). On account of its colossal magnitude and far-flung exposure (and also because the dollar is largely free from the financial discipline imposed on other world currencies), even a relatively small shift out of Eurodollars defies ordinary central bank interventions. Diversification moves, away from the dollar, occur by and large whenever speculators consider the U.S. external position vulnerable. This vulnerability, in turn, is the mirror of America's underlying economic conditions, e.g., the rate of domestic inflation, the size of the budget gap, the deficits in the balance of trade and payments, the cyclical trend of the economy, and above all the structural competitiveness of U.S. industries.

The 1976-78 "dollar debacle" is chiefly attributed to the U.S. huge oil imports ($45 billion in 1977), balance-of-trade gap ($29 billion), and balance-of-payments deficit ($20 billion). Actually it has been the product of a complex set of factors: a faster U.S. growth rate compared to its main trading partners; two mammoth budgetary deficits ($60 billion each) in 1977 and 1978; phenomenal increases in the trade surpluses of Japan and Germany (both, ironically, more dependent on foreign oil than the United States); the specter of another round of domestic inflation in the American economy in 1978; and a growing worldwide lack of confidence in the dollar's future—based on the real or imaginary belief that the United States is neither willing nor able to stem the dollar's fall.

Under these circumstances, the short-term classical remedies have called for import restrictions, exchange control, barriers against capital outflows, and the adoption of general deflationary measures (including higher domestic interest rates in addition to currency devaluation). But this is precisely where the U.S. Admin-

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istration has faced its Catch-22. Currency and capital controls would be ineffective because of the amount of Eurodollars beyond the U.S. reach. They are likely to further weaken confidence in the dollar. Import restrictions (or export subsidies) would be similarly self-defeating because they would invite retaliation by injured partners. High interest rates and slower economic growth at home would increase politically sensitive domestic unemployment, and could also trigger another worldwide recession. Only a sharp cut in oil imports could provide a quick effective cure for the dollar. But this move (in addition to upsetting the oil production pattern in OPEC economies) would require either domestic fuel rationing or steeply higher fuel prices—both of which are politically unpalatable.

Faced with these unhappy choices, a host of other suggestions have been offered by economists and businessmen to prop up the ailing dollar. These measures have included the sale by the U.S. Treasury of foreign-currency-denominated bonds in order to engage in more aggressive market interventions; larger currency swap arrangements with foreign central banks; the use of IMF credit; and the sale of Treasury gold in the open market. Supplementing these "quick-fire" actions have been suggestions regarding the need for: the passage of an effective U.S. energy conservation and production program; a convincing anti-inflation policy; new tax and welfare policies that could reduce unemployment through increased business investment instead of public work programs; and innovative measures to improve dwindling American competitiveness in some key industries.

Most of these measures are supported by the Carter Administration, and some of them, (e.g., doubling swap arrangements with Germany, the use of SDRs to buy foreign currencies, the decision to sell a small part of U.S. gold reserves, and a new anti-inflation declaration) have already been adopted. The fate of the tax and energy bills in the Congress may now be somewhat brighter than before. But the dollar is by no means out of the woods. And the only lasting and effective remedy would seem to be the restoration of world confidence in the future growth and strength of the U.S. economy, and in U.S. determination to defend the dollar's value. Short of this confidence—which takes time, and very persuasive measures by the U.S. government—the intervention facilities at the United States' disposal would be too meager, and too weak to do the job.[10]

[10] U.S. total currency swap capabilities reportedly are about $20 billion; its likely use of the IMF resources no more than $5 billion; and the total value of its 277 million ounces of gold at current

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V

The immediate measures that are likely to enhance world confidence in the dollar would seem to be the United States' continued pursuit of free trade and exchange policies; determined market intervention to smooth out "disorderly" currency rates; allowing other major currencies to serve as reserves along with the dollar; increasing U.S. capability for market intervention as a kind of psychological underpinning of the dollar support policy; and, above all, a clear turnabout of the inflationary forces in the U.S. economy.

In the long run, however, the only real hope for dollar stability—and OPEC's cooperative attitude—would be in (a) enhanced coordination of policies among the major industrial countries to ensure orderly noninflationary growth under free market conditions; and (b) an accommodative arrangement between OPEC and major oil consumers with respect to oil revenues and protection of the dollar's purchasing power.

Essential to the establishment of a stable international monetary system under which these requirements could be met would be the realization of the inexorable interdependence of national currencies and national monetary policies. An integrated worldwide capital market exists today beyond the control of any one nation or monetary authority. In the present world monetary system, no national monetary and credit policy can avoid having far-reaching repercussions on exchange rates; and no exchange rate policy can leave domestic money and credit decisions alone. The relationships would differ under a par value system compared to a system of floating exchange rates. But the interdependence is inescapable.

The solution to world monetary instability thus lies not so much in the choice of a particular exchange system—whether fixed or floating—but in the coordinated determination by major economic powers to make the system work, that is, to pursue cohesive and complementary fiscal and monetary policies designed to ensure noninflationary growth everywhere. In the guarded language of the Tenth Interim Committee of the IMF, meeting in Mexico City on April 30, 1978: "improvement in basic underlying conditions" is a contributor to "greater stability of exchange markets," and such stability in turn is considered "extremely important for the health of the world economy."

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market prices, near $50 billion—not all of which can be sold at the market price without sharply reducing it. Against these limited assets loom some $500 billion of liquid dollar assets owned by outsiders, part of which is daily floated in the market and hard to "manage" if the volume of daily transactions is large.

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The pursuit of such common objectives would of course necessitate some sacrifice of national sovereignty through the coordination of domestic money and tax policies. But if this political feat could be achieved, the technical and mechanical aspects of coordination could be easily worked out. Without it, today may be the bad day for the dollar; but tomorrow when the U.S. currency is no longer under attack, it may be the turn of the pound, the Italian lira, the French franc—and, who knows, maybe even the mighty mark.

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Richard Burt

THE SCOPE AND LIMITS OF SALT

After almost five years of breakthroughs, setbacks and mostly stalemate, the Soviet Union and the United States succeeded last September in agreeing on the outlines and some of the details of a new strategic arms limitation accord. Since then, several other details of the proposed SALT agreement have been ironed out. Although it is unclear whether the two sides will be able to complete a new agreement this year, the terms of the proposed accord have already triggered a wide-ranging debate in the United States and among allied states in Western Europe over whether its contents serve American security interests and those of the West as a whole.

It is a complex debate, because the understanding itself is complicated and because it deals with the arcane problem of measuring the superpower strategic balance. It is an enormously important debate, because its outcome will have major consequences for the future evolution of that balance, the character of Soviet-American relations in general, the tenor of Alliance politics, and the ability of the Carter Administration (and perhaps succeeding ones) to conduct foreign affairs. Finally, it is an intense debate, because positions adopted by supporters and opponents of the proposed agreement reflect deeply felt beliefs concerning the character of the strategic balance and the political and military utility of nuclear weapons.

The centrality of the SALT process to American national security policy makes it impossible here to address all the implications of the proposed agreement. But because a central theme in this essay is that both advocates and critics of the Carter Administration's approach to SALT have tended to exaggerate what the talks can and should accomplish, the attempt will be made to judge the emerging terms of the superpower understanding in terms of the dynamics of continuing Soviet-American strategic competition. For if one lesson has already emerged from the mounting debate

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over SALT, it is that regardless of whether a new agreement is both signed and approved by the U.S. Senate, the United States will not be spared some difficult strategic deployment decisions in the immediate years ahead.

II

To appreciate the present debate, it is necessary to trace the genealogy of the proposed accord back to 1973, when Soviet and American negotiators began talks on a new and more permanent arrangement to replace the 1972 five-year Interim Agreement limiting offensive strategic arms. The Interim Agreement which placed separate ceilings on land-based intercontinental ballistic missiles (ICBMs) and submarine-launched ballistic missiles (SLBMs), provided the Soviet Union with a potential 40 percent advantage in launcher totals: under the terms of the accord, the Soviet Union could have 2,358 missile launchers compared with 1,710 for the United States. Although this disparity was justified in terms of overall American technological superiority (particularly in multiple warheads and missile accuracy), the Nixon Administration, with the prodding of Senator Henry Jackson's amendment calling for numerical equality in future agreements, vowed to replace the Interim Agreement with a long-term treaty establishing parity between the two sides. An additional incentive for institutionalizing numerical equivalence in a new agreement was provided in the summer of 1973, when the Soviet Union began the deployment of a new family of high-payload ICBMs, the SS-17, -18 and -19, all of which had been tested with multiple, independently targetable reentry vehicles (MIRVs). This development not only carried with it the potential for massively increasing the destructiveness of the Soviet Union's 1,600 or so silo-housed missiles, but it also erased the MIRV headstart that many believed was the single most important technological advantage enjoyed by the United States.

The Nixon Administration's effort in 1973 and early 1974 to get the Soviet Union to agree to limit the total payload (or throw-weight) its missile force could deliver resulted in failure. Thus, the new Ford Administration, at Vladivostok in November 1974, returned to the simpler and less controversial principle of only limiting launcher numbers in a new treaty lasting until 1985. Thus, in a tentative accord, the two sides agreed for the first time to place equal ceilings of 2,400 on strategic launchers, and of 1,320 on MIRV-equipped missiles. Significantly, the Vladivostok aide mé-

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moire was silent on the subject of halting weapons modernization and (upon the insistence of American negotiators) both sides were thus free to move ahead with the deployment of land-mobile ICBMs.

The adoption of equal ceilings in numbers of strategic launchers was possible essentially because, unlike the Interim Agreement, the Vladivostok accord included "heavy" bombers, in which the United States had a substantial edge. Moreover, the ceilings did not force the Soviet Union to undertake any reductions in its growing arsenal. Thus, while the tentative accord was criticized in the United States for doing little to hamper the growth of Soviet ICBM capabilities, the Ford Administration defended it on the grounds that it would not impair any American effort to respond to the Soviet buildup, such as deploying a larger proportion of forces at sea or replacing the Minuteman ICBM force with a new mobile missile, such as the Air Force's proposed MX.

Over the next 18 months the two sides failed in their efforts to work out the details of the proposed arrangement. In part, this difficulty can be traced to problems in the wider American-Soviet relationship: the Nixon Administration's détente policy was badly undermined by Soviet behavior prior to and during the 1973 Middle East War; domestic skepticism grew during 1974 and was reinforced in 1975–76 by Soviet involvement in the Angolan civil war. However, the major factor blocking a new agreement was integral to the talks themselves: the two sides were simply unable to agree on what weapons were to be limited under the proposed 2,400 ceiling. The Vladivostok aide mémoire said that air-launched missiles with ranges that exceeded 600 kilometers were to be limited in the accord—shortly after the summit, Secretary of State Henry Kissinger told reporters that this referred to air-launched *ballistic* missiles and not to the new generation of precision-guided, long-range cruise missiles that the United States had under development. Despite this, Soviet negotiators insisted that cruise missiles, including sea- and ground-launched variants, had to be constrained in any new agreement, a position that their American counterparts resisted on the grounds that these weapons were peripheral to the central strategic balance and were of primary importance as potential theater systems, armed with nuclear or conventional warheads. In similar fashion, Soviet negotiators resisted American demands to include a new Soviet bomber, known by its NATO code name Backfire, under the 2,400 ceiling on overall launchers, maintaining that Backfire was an intermediate-range system, deployed primarily for use against targets in West-

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ern Europe and East Asia—an argument that paralleled, in some respects, American claims over the cruise missile.

In an attempt to break the cruise missile-Backfire deadlock, Henry Kissinger in January 1976 traveled to Moscow and offered a compromise proposal. While the mission did not produce a completed agreement, it is worth noting because of its resemblance to important facets of the approach finally settled upon by the Carter Administration. In Moscow, Kissinger proposed that air-launched cruise missiles (ALCMs) be limited to a range of 2,500 km. and that aircraft deploying them be counted under the 1,320 ceiling for MIRV-equipped delivery vehicles. In return, he offered to keep the Backfire out of the 2,400 ceiling, so long as Moscow agreed to limit its production rate (to two-and-a-half units per month), to place certain restrictions on where the bomber was based, and to lower the overall ceiling on launchers by ten percent (to 2,160).

Although the Soviet leaders showed interest, by the spring of 1976 the Ford Administration appeared to have backed away from these ideas—which were apparently opposed within the Ford Cabinet. Instead, in its last attempt to achieve an accord, the Administration proposed that the two sides enter into the arrangement outlined at Vladivostok and defer the cruise missile and Backfire issues to a later round of negotiations. Clearly wanting to curb cruise missiles before they were actually deployed, Moscow refused.

III

Announcing in his inaugural address the hope that "nuclear weapons could be rid from the face of the earth," Jimmy Carter and his chief advisers quickly moved to distance themselves from the arms control strategy formulated during the Nixon-Ford years. The new Administration viewed SALT more as an arms control process and less as a political enterprise: the talks, it was said, could be separated somewhat from the wider Soviet-American political relationship, and arms control approached on its own technical merits. This had two important consequences for the Carter Administration's early strategy for negotiations:

First, it suggested that the central purpose of the exercise was not, as in years previous, to provide greater momentum to superpower détente. Viewing Soviet-American relations, as outlined in Presidential Review Memorandum 10, as embodying strands both of competition and cooperation, the predominant view in the first months of the Administration was that progress

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(or the lack of it) at SALT need not interfere with other Administration policies toward Moscow, such as human rights. SALT, in other words, was not to become a hostage to "linkage diplomacy."

Second, the primary purpose of the negotiations should be to secure a more stable strategic relationship, not simply to codify, as the Vladivostok understanding was accused of doing, a continued Soviet-American quantitative and qualitative arms race. This meant that overall equality in numbers of strategic launchers was an insufficient objective at the talks. New agreements, it was argued, could not cope with emerging strategic problems, particularly the vulnerability of American land-based missiles, by merely allowing each side to deploy new systems such as mobile missiles. Instead, "real" arms control was supposed to solve the vulnerability problem, making the deployment of new strategic weapons unnecessary.

Thus, the Carter Administration quickly moved to incorporate a much more ambitious range of objectives into the negotiations. The problem that had stalled the talks for two years—the place of "peripheral systems" in the Vladivostok totals—was set aside and attention was focused on new goals: reducing launcher numbers from the 2,400 ceiling, limiting the testing of new missiles, installing a new set of sub-limits on especially threatening systems such as Soviet "heavy" ICBMs, and banning certain new systems.

The result of this reappraisal was the so-called comprehensive proposal that Secretary of State Cyrus Vance laid before Soviet negotiators in March 1977. The proposal consisted of five important parts. First, it would have reduced the Vladivostok ceilings for overall strategic launchers to between 1,800 and 2,000. Second, it would have cut the number of launchers equipped with MIRVs from the Vladivostok total of 1,320 to between 1,100 and 1,200. Third, it would have placed two new sub-ceilings on land-based missiles: a ceiling of 550 on MIRV-equipped ICBMs and of 150 on "heavy" missiles. Fourth, it would have limited ICBM and SLBM tests to six a year and banned the deployment of follow-on systems. Finally, while it sought a 2,500-km. range ceiling for bomber-launched ALCMs (in anticipation, it seems, of President Carter's decision to cancel the B-1 penetrating bomber in July), it proposed a 600-km. limit for sea- and ground-launched cruise missiles.

In what seemed to be an effort to "sweeten" the comprehensive offer, the Administration in March 1977 also resurrected, as an alternative, the last proposal offered by President Ford: both sides could enter into the Vladivostok arrangement and defer the cruise missile and Backfire issues until a later phase of the talks. Neither

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proposal, however, met with Russian approval and in an extraordinary statement, Soviet Foreign Minister Andrei Gromyko particularly criticized the comprehensive proposal, accusing the Carter Administration of trying to achieve "unilateral advantages" in the talks.

In some respects, Mr. Gromyko's remarks deserve to be taken seriously. The Administration's proposals did reflect a growing concern over both the political and the military implications of Soviet missile modernization. The comprehensive proposal was not just designed to bring about a general reduction in strategic forces—a mostly cosmetic objective—but it also sought to single out a special category of weapons for reduction and qualitative restraint—MIRVed land-based missiles. Under the Vladivostok formula, there would be nothing to stop the Soviet Union from deploying over 1,000 new MIRV-equipped ICBMs (including over 300 "heavy" SS-18s), which, with further testing and improvements in accuracy, seemed certain to pose a threat to the Minuteman force in the 1980s. For the Carter Administration, then, the Soviet MIRVed ICBM, and not the Backfire, had become the central stumbling block to securing a new agreement. What the Carter Administration viewed as the most serious threat to strategic stability—the increasingly accurate, high-payload, MIRVed ICBM—the Soviet leadership undoubtedly viewed as the cornerstone of its strategic power.

The compromise arrangement formulated by the Administration following the March 1977 debacle—which forms the basis of the agreement now in the final stages of completion—is probably best viewed as an amalgam of the comprehensive and the deferral proposals. First submitted to the Soviets in May, the arrangement envisaged three different agreements: a *treaty* lasting until 1985, a *protocol* lasting for three years and a *statement of principles* to guide negotiators during the next phase of negotiations. Although the Soviet Union accepted the idea of the "three-tier" agreement in May 1977, it was not until Gromyko's visit to Washington in September that the two sides actually agreed on the substance of much of the new accord. Since the September breakthrough, the two sides have gradually narrowed their differences on details of the proposed agreement. While some differences still remain, the proposed agreement can now be described in some detail.

The *treaty*, lasting until 1985, will consist of 13 major components:

1. A ceiling of 2,250 is to be placed on the aggregate number of

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launcher vehicles possessed by each side. This is slightly higher than the figure proposed by the Administration in September (2,160), but it was apparently accepted in return for Soviet acquiescence to the sub-ceiling placed on total numbers of land- and sea-based MIRVed missiles (see below). The ceiling will require the Soviet Union to undertake a small reduction in its existing arsenal (some 250 launchers), but whether this cut is to be completed by December 1980 (the American preference) or somewhat later remains unresolved.

2. Within the 2,250 aggregate, a sub-ceiling of 1,320 will be placed on the total number of land- and sea-based MIRVed missiles as well as heavy bombers equipped with ALCMs. No limit has been placed on the number of ALCMs each existing heavy bomber can carry. A ceiling, however, may be placed on the number of ALCMs permitted aboard a new generation of wide-bodied aircraft carrying cruise missiles.

3. A sub-ceiling of 1,200 is to be placed on total numbers of land- and sea-based MIRVed missiles.

4. A further sub-ceiling of 820 is to be placed on numbers of MIRVed ICBMs. This represents the first time that this separate class of systems has been restricted. However, within this ceiling, the Soviet Union will be permitted to MIRV its entire force of SS-19 "heavy" systems, some 313 missiles.

5. While permitted to MIRV its existing heavy missile force, the Soviet Union will not be permitted to build additional ones. Nor will it be allowed to deploy new systems with useful payloads exceeding those of the new Soviet SS-18 "heavy" ICBM. In addition, new missiles with payloads exceeding the Soviet SS-19 "medium" missile will be counted as "heavy" ICBMs. The United States, which presently does not possess any "heavy" missiles, will not be permitted to deploy them during the period of the treaty.

6. In order to aid in the verification of sub-ceilings placed on MIRVed launchers, the two sides have agreed that any missile of a type tested with a MIRV is to be counted as a MIRVed launcher when deployed. This means that while the Soviet Union has deployed single-warhead versions of the SS-19 and the SS-18, all these missiles will be considered as MIRVed for purposes of the agreement.

7. The testing and deployment of long-range ALCMs are to be restricted to heavy bombers: American B-52s and Soviet Bear and Bison aircraft. (Whether this will apply only to nuclear-armed ALCMs or conventionally armed versions, too, is unclear.) In order to keep open the option of deploying ALCMs aboard a new

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generation of cruise missile carriers during the 1980s, the United States is also willing to take steps to differentiate such carriers (probably modified 747s) from civilian transports, in order to aid Soviet verification efforts.

8. A limit of 2,500 km. is to be placed on the range of ALCMs deployed aboard heavy bombers, but this has been defined to allow these missiles additional range to follow a zigzag course toward their targets.

9. To prohibit the rapid reloading of ICBM silos, the storage of excess missiles at launching sites is to be prohibited.

10. Although the deployment of mobile ICBMs is not banned in the draft treaty, the Soviet Union is prohibited from deploying the SS-16 ICBM in a mobile mode because of its similarity to the now-deployed SS-20 intermediate-range missile, which is not limited in the accord.

11. Both sides have agreed not to circumvent the agreement, including not taking actions through other states that could weaken the provisions of the accord. This would appear to rule out the transfer of weapons limited in the treaty to allied governments in Western Europe.

12. Both sides are to provide each other prior notification of missile testing and information on the size and performance of their respective arsenals, and both would agree to refrain from interfering with national technical means of verification, such as reconnaissance satellites.

13. Last, the Backfire bombers will not be counted under the ceilings set by the treaty. However, the production rate of the bomber will be frozen, with the possibility that restrictions will also be placed on the basing, refueling and modernization of the aircraft. What form an agreement covering the Backfire would take—an exchange of letters or a formal accord requiring Senate approval—is still unclear.

The *protocol*, on the other hand, is a temporary agreement, primarily designed to codify some of the restrictions on weapons modernization sought by the Administration in its earlier comprehensive proposal and to meet Soviet concerns over the American sea- and ground-launched cruise missiles. The Administration proposes that it run until December 1980; the Soviet Union, however, has argued that the protocol should expire three years after it enters into force, which could run into 1981 and conceivably beyond. The most important provisions contained in the protocol are:

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1. A ban would be placed on the testing and deployment of "new types" of missiles, with certain exceptions. The Soviet Union desires to be allowed to deploy a new single-warhead ICBM as well as a new SLBM, the Typhoon. (This would be in addition to being able to deploy two other new SLBMs—the SS-NX-17 and the SS-NX-18—which have been tested and are thus deemed eligible for deployment.) The United States is also proposing that each side should be allowed to deploy a new ICBM, but that each side be allowed to choose whether it would be MIRVed or unMIRVed. The Administration is also proposing that if the Soviet Union is allowed to deploy the Typhoon, the United States be permitted also to deploy a new longer-range SLBM, Trident II. There are indications that, as the two sides narrow their differences on what new systems would be exempted from the "new types" ban, they may move this provision from the protocol into the longer-term treaty.

2. The significant improvement of existing systems will be restricted, with substantial upgrading of boosters, post-boost vehicles and guidance systems ruled out. The deployment of new MIRVs that increase the number of warheads aboard existing post-boost vehicles may also be prohibited. Electronic improvements to existing guidance units—to achieve higher accuracies—would not be restricted because they could not be verified.

3. The testing and deployment of mobile ICBMs would be banned, but the testing of ICBMs (from fixed launchers) actually intended for deployment aboard mobile launchers after the expiration of the protocol will apparently be permitted.

4. The testing and deployment of armed (nuclear or conventional) cruise missiles with ranges exceeding 2,500 km. would be barred. Deployment of cruise missiles (land-, air-, or sea-launched) with ranges exceeding 600 km. on platforms other than heavy bombers would be banned, but these systems could be developed and tested at ranges up to 2,500 km.

The third component of the proposed SALT package, the *statement of principles*, is intended to provide a framework for future negotiations, meant to begin shortly after the conclusion of SALT II. The United States is asking that the negotiations focus more heavily on reductions in forces and on new qualitative limits (testing and research and development), while the Soviet Union, apparently less enthusiastic about the whole concept of a statement to guide a SALT III dialogue, is pushing for recognition of the concept that American nuclear-capable aircraft in Western Europe

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(so-called forward based systems, or FBS) and allied strategic nuclear forces (the British and French SLBM forces) be subject to limitation in a future agreement.

IV

Not unexpectedly, much of the controversy that has surrounded this complex package has focused on two interrelated issues: (1) the possible asymmetries in the overall strategic balance that could emerge during the course of the treaty, and (2) the dampening effect that the three-year protocol could have on American technological initiative.

In making its case for the treaty, the Administration argues that it provides, for the first time, overall equality in strategic launchers and that, in particular, it places a ceiling on the expansion of the most dangerous element of Soviet strategic power—land-based MIRVed missiles. Critics, however, contend that overall equality in strategic launchers is a poor measure of parity and that the proposed ceiling of 820 on MIRVed ICBMs is unlikely to put any real dent in Soviet military capabilities, especially against hardened military targets such as missile silos.

The problem of measuring the strategic balance is a familiar one, and comparative figures may provide little real indication of actual military capabilities under the proposed treaty. However, within the constraints laid down by the treaty, the Soviet Union is likely to increase its overall edge in deliverable megatons (a measure of destructive potential against area targets) as well as throw-weight (a measure of how payloads can be exploited). The Soviet edge in these measures will become particularly pronounced for ICBMs: by 1985 the Soviet Union is likely to enjoy a seven to one lead in deliverable megatons and a five to one advantage in throw-weight. These Soviet advantages in overall capabilities are offset somewhat by the American edge in total warheads, but this edge is likely to decline somewhat after 1982. However, even then, with American deployment of ALCMs aboard bombers and the new MIRVed Trident I missile, the United States will maintain a substantial lead in bomber and SLBM warheads.

In overall terms, it is difficult to escape the conclusion that, during the treaty, a shift in the strategic nuclear balance will in fact occur. It is important to note, however, that this shift has little to do with the ceilings and sub-ceilings laid down in the treaty and is really the result of a continuing and unprecedented buildup in Soviet capabilities. Since the 1972 SALT agreements, the Soviet

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Union has deployed four new ICBMs, two new SLBMs (with two more under development), and a new bomber. For its part, the United States has tested and cancelled a new bomber, finished the deployment of a new SLBM, and begun the testing of another. What the shift represented in the crude indices reflects, then, is not necessarily an inequitable agreement but unequal momentum in Soviet-American strategic arms competition.

Whether the various asymmetries that could arise under the treaty are significant is a difficult question to answer. In the case of many, they are symbolic—reflecting the fact that Soviet strategic power in overall terms *is* growing faster than that of the United States. While this may have little immediate impact on real Soviet military options, it is much more difficult to argue that a shift in the perceived balance will not affect Soviet behavior in other areas, as well as the confidence of allied governments in the West, and possibly the confidence of American leaders.

A much more difficult problem, however, is posed by the prospect that, between now and 1985, the treaty will permit the Soviet Union to develop a new military option—the ability to threaten the destruction of most, if not all, of the Minuteman ICBM force in a disarming first strike. Whether the Soviet Union is likely to achieve the technical capacity to actually undertake what Secretary of Defense Harold Brown has called a "cosmic roll of the dice" is still very much in dispute. But with over 5,000 separately targeted warheads, and a force of 820 SS-18 and SS-19 ICBMs possessing accuracies below 0.2 nautical miles, the Soviet Union will pose a strategic threat in the mid-1980s that American planners will be hard-pressed to ignore, despite the many uncertainties attached to any first-strike scenario against the Minuteman.

The emergence of a real probability of Minuteman vulnerability during the course of the treaty must be immediately troubling for President Carter, for as we have seen, a central Administration aim has been to use SALT to establish a more stable strategic relationship. Under the comprehensive American proposal of March 1977, the low limit proposed for MIRVed ICBMs (550) and, more importantly, the limit on missile tests (six per year) would have gone a long way to reduce the emergence of Minuteman vulnerability. However, as Administration officials have come to acknowledge, the limits on Soviet ICBMs (or the lack of them) laid out in the present accord are likely to do little to forestall the Soviet achievement, at least on paper, of a credible first-strike capability against the most flexible and responsive component of the American triad. As the Administration as well as many critics of the

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treaty recognize, this means that the United States will probably be forced to take some unilateral step, during the coming decade, such as moving ahead with a land-mobile ICBM, to cope with the silo-vulnerability problem. More immediately, however, it means that the Administration, by failing to solve the problem at SALT, has been unable to achieve what was earlier a primary objective in the negotiations.

V

While the debate over the treaty will surely focus on strategic trends, the controversy over the protocol is likely to concern whether or not it can be kept temporary in character. Although the protocol's terms place a broad range of restrictions on options for weapons modernization, it has been primarily designed to limit cruise missiles in a manner acceptable to both parties. As the experience following the Vladivostok Tentative Accord demonstrated, the Soviet Union is unwilling to enter into an agreement that does not place some type of restrictions on long-range cruise missiles, particularly land- and sea-based versions that could proliferate in the thousands in and around Western Europe, posing threats not only to Soviet capabilities in Eastern Europe but to the Soviet homeland as well. At the same time, the United States remains similarly unwilling to foreclose any options for the cruise missile, despite the fact that American planners are unsure how the new technology can best be exploited. The solution to this impasse has been to place a three-year ban on cruise missile deployment (but not development)—which could set a precedent for limiting these systems in SALT III but which does not in itself rule out their possible deployment at a later date.

In purely legal terms, the Administration is on firm ground in arguing that limits on sea- and ground-launched cruise missiles will have no impact on existing American deployment plans, which do not envisage deployment until 1981 at the earliest. But while the United States will remain free, under the protocol, to continue to develop long-range versions of these systems and, if judged necessary, to deploy cruise missiles after the protocol ends, there will be powerful forces working on any Administration not to do so. For a start, with cruise missiles limited by a SALT agreement (whatever its label), any effort to move ahead with their deployment in the 1980s will be viewed by many—in and out of government—as a retrogressive step in arms control. Thus, once controls are placed on the technology at SALT, it may be politically

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difficult, as many critics of the protocol argue, for the United States to simply plunge ahead with cruise missile deployment. This would be particularly true if, as seems likely, the protocol expired in the midst of negotiations on a follow-on SALT III agreement; in such circumstances a U.S. cruise missile deployment would be viewed and portrayed by Moscow (as well as by many arms control supporters in the United States) as severely damaging the chances of achieving a follow-on agreement.

In fact, Soviet statements on the protocol make it very clear that Moscow views it as only the first step toward achieving a more comprehensive set of constraints on the cruise missile. Placing temporary limits on the cruise missile within the protocol does appear to have enabled the two sides to surmount a central negotiating obstacle that has hindered agreement since 1974. The protocol, however, is not a solution to the cruise missile problem; it only defers the issue to a later stage of negotiations and it does so in a way that the United States could regret.

The possibility that, despite its temporary character, the protocol could emerge as a much more permanent fixture also has implications for the problem of Minuteman vulnerability, discussed above. Although the treaty would not prohibit the United States from responding to the threat by deploying a land-mobile ICBM in the 1980s, the protocol (on present indications) would ban for its duration the testing and deployment of a system such as the MX, being proposed by the U.S Air Force.

Again this prohibition, in theory, would have no real impact on American options because the MX is at an early development stage and the United States has no plans to deploy, or even to test, a mobile ICBM over the next three years. But, as with sea- and ground-launched cruise missiles, the dynamics of future SALT negotiations could create pressures to place longer-term limits on mobile ICBM deployment. For example, because the protocol would also limit the Soviet development of a new family of follow-on ICBMs, it will probably be argued that an American decision to allow it to expire would open the floodgates to a new generation of far more threatening Soviet systems. Although this might be true, extending the protocol would deny the United States the means of coping with the problems created even by existing Soviet ICBMs. When viewed together, then, the implications of the treaty and the protocol appear indeed troubling: while the treaty is likely to do little to forestall the emergence of Minuteman vulnerability during the 1980s, it is possible that the protocol could work to limit American options for responding to the problem.

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VI

Although the key issues posed by the proposed agreements concern the effect of the treaty on superpower strategic stability and the possible impact of the protocol on American options, three other potential problems arising out of SALT also merit discussion.

The first concerns the possible impact of the new agreements on the cohesion of the Atlantic Alliance. So far, the problems that a new SALT accord could create for the Alliance have been understood to revolve around the issue of technology transfer. Would a new agreement restrict the ability of the United States to continue existing programs for nuclear weapons collaboration with its NATO allies, or to undertake new ones? As with many other parts of the accord, the answer, at this stage, is unclear. As outlined above, the two sides have agreed not to take steps through "other parties" that could weaken the proposed accord. While this noncircumvention provision, as the Administration is quick to point out, does not specifically rule out the American transfer of weapons, their components or their blueprints to allied partners (what the Soviet Union originally sought to achieve in the accord), it also fails to outline specifically what types of Alliance cooperation would be permitted under the accord. Clearly, the United States, along with its allies, will attempt to define the provision in a way that would minimize any possibility for disrupting existing practices, such as the American sale of Polaris A-3 missiles to Britain, or any future assistance that might be offered, say in the development of a European cruise missile force. The Soviet Union, on the other hand, can be expected to take a more restrictive approach to the provision and might capitalize on its vagueness to challenge a wide range of European-American programs for cooperation. Despite this, it seems unlikely that the differences of interpretation that could flow out of the accord's noncircumvention language will pose serious problems either for superpower relations or for NATO. This is simply because, for the foreseeable future, NATO allies are unlikely to seek large-scale American help in expanding European strategic forces and, if they did, it is doubtful that the United States would respond with massive assistance.

A much more serious threat to Alliance unity, and one that has been neglected in recent discussions, is the possible impact that the accord could have on efforts to improve American capabilities in and around Western Europe. During the first round of SALT, one of the sensitive issues within the Alliance was the possibility that, in an agreement, the Nixon Administration might sacrifice

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its freedom to maintain or improve forces earmarked for the defense of NATO. Attention was particularly focused on nuclear-capable aircraft based in Europe and assigned missions in the European theater, but which, in theory, possess the capability to strike the Soviet homeland. Had the Administration agreed to limit FBS aircraft in the 1972 agreements, European governments would have perceived this as an American decision to pursue superpower arms control at the expense of NATO defense. As it happened, American negotiators successfully resisted Soviet pressures on this score, and strike aircraft were excluded from the ceilings laid down in the Interim Agreement, a precedent that is continued within the new accord.

But while the Carter Administration has been able to sidestep the FBS issue in the new agreement, it has not succeeded in minimizing the potential impact of the new accord on future American contributions to NATO defense. This, of course, is because the Administration has accepted the concept of limiting long-range sea- and ground-launched cruise missiles. While the contribution these systems could make to NATO's theater nuclear (and conventional) capabilities is still under study, there are strong reasons to believe that cruise missiles deployed in the European theater would greatly enhance the survivability and responsiveness of NATO's existing nuclear posture.

However, as we have seen, the limits laid down in the protocol could mean that the United States will be unable to exercise this option over the coming decade. In theory, if a new NATO deployment of these systems is judged necessary in the early 1980s (the earliest point the systems would be available), the three-year protocol could be allowed to lapse. If, on the other hand, the cruise missile option does not appear as interesting in the early 1980s as it does at present, the Administration maintains that it will use the possibility of cruise missile deployment as a significant bargaining chip to achieve Soviet concessions in a future round of SALT.

The crucial question, of course, is how much flexibility the Administration will realistically possess in moving ahead with the deployment of sea- and ground-launched cruise missiles as the protocol nears expiration. At that point, the same political and "image" problems already noted as to other parts of the protocol would arise for this one as well. Thus, the United States could be tampering with its ability to replace existing NATO FBS systems in the future.

The problems posed for NATO by cruise missile constraints are

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exacerbated by the fact that equivalent Soviet long-range theater nuclear systems, such as the SS-20 missile or the Backfire bomber, are not to be limited in the new SALT agreement. It is possible, then, as the Soviet Union expands its "Euro-strategic" missile and bomber forces, West European governments will be led to argue that NATO's best instruments for responding to this buildup—American cruise missiles—have been withheld from the Alliance. This impression could be further reinforced by the very structure of the protocol itself. In general terms, it can be argued that the agreement limits American weapons of greatest relevance to the defense of Western Europe (sea- and ground-launched cruise missiles) in return for Soviet restraint in weapons that primarily threaten the United States (a new family of four ICBMs). Thus, over time many Europeans may conclude that the United States—in order to reach a new agreement—has mortgaged systems that are most likely to serve Western, rather than strictly American, interests.

VII

This review has only touched on what are viewed as the most significant issues raised by the proposed SALT agreement. Other problems have already been identified by other authors and they, too, will receive attention in the coming debate over the new accord. One of these, the question of what limits, if any, will be placed on the Backfire is still an issue in dispute in the talks. However, even if the Soviet Union is willing to agree (through restrictions on where the bomber is deployed and its ability to be refueled) to limit its capability to strike targets in the American homeland, the fact that the bomber is not to be included in the overall ceiling of the treaty is certain to arouse concern in the Senate.

The same is true for procedures in the agreement for verification. The Arms Control and Disarmament Agency has already informed the Senate that it will be able to monitor Soviet compliance with the new accord with confidence, but it has acknowledged that certain provisions—for example, those dealing with cruise missile range and limits on missile modernization—will be difficult to verify. In general, Soviet efforts to take advantage of verification problems posed by the new accord would not result in any decisive strategic advantages in the near term. So the Administration is probably correct in arguing that Moscow would be unlikely to jeopardize the new agreement by seeking marginal advantages

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through cheating. At the same time there is growing sentiment within the United States, whether it is justified by the Soviet record at SALT I or not, that Moscow will seek to use ambiguities or loopholes in arms control accords to further its strategic interests. Thus, regardless of their strategic significance, apparent opportunities for violating the new agreement are certain to be seized upon in the SALT debate.

There can be little doubt that the new accord will receive rough treatment if and when the Administration presents it to the Senate for approval. In addition to the largely symbolic concerns generated by the Backfire and the problems of verification, the agreement appears to countenance (1) an overall shift in the strategic balance in favor of Moscow; (2) the emergence of Minuteman vulnerability; and (3) the growth of serious strains within the Atlantic Alliance. These are not happy prospects, and it is understandable that supporters of the agreement have begun to argue that while it is not ideal, the United States would be far worse off without a new SALT accord. Representative Les Aspin has suggested, for example, that without a lid of 2,250 on overall launcher numbers, the Soviet Union might be capable of deploying some 3,500 launchers by 1985.

However, this seems a curious way to build public support for SALT. For a start, it suggests that the accord itself is somewhat inadequate and, accordingly, can only be sold by comparing it with a more unpleasant state of affairs. More important, by arguing that without a new agreement the American-Soviet balance would be bound to worsen, the Administration is in danger of appearing unable or unwilling to compete with Moscow over the coming decade. This is hardly the image the Administration wants to convey when it seeks Senate approval for a new accord.

While supporters of SALT may be making a mistake by emphasizing the dire consequences of not achieving a new accord, critics appear to be promoting a reverse fallacy—pretending that it is SALT, and SALT alone, that will be responsible for the emergence of the various strategic problems described above. As we have seen, the shifting overall balance as well as the more specific problem of Minuteman vulnerability are not really the products of arms control negotiations. Instead, they are the results of earlier Soviet and American weapons procurement decisions that have been inevitably reflected in the outcome of negotiations.

In spite of this, the impact of the new agreement will be debated in terms of cause and effect, in part because of the Carter Administration's earlier hopes for what SALT could accomplish.

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In seeking substantial reductions and qualitative controls on strategic forces last year, the Administration raised expectations for SALT beyond what the talks are probably capable of accomplishing. Raising expectations is not an unfamiliar characteristic of the Carter Administration's general approach to foreign policy, but the problem, this time, is that many members of the Senate seem inclined to take the White House at its word. Thus, in its haste to practice "real" arms control, the Administration, in a bold initiative last year, sought to solve most of the outstanding strategic problems confronting the United States through the vehicle of SALT. Whether the initiative was hopelessly naïve, as some argue, or merely premature, as the Administration contends, is really unimportant. For the agreement that has finally emerged from the talks accomplishes little the Administration originally set out to do.

This does not mean, however, that the SALT agreement now nearing completion must be judged as a failure. Compared with the Vladivostok guidelines, it appears superior in several respects: it provides for lower overall launcher numbers; it limits Soviet MIRVed ICBMs and it permits the deployment of American ALCMs aboard bombers. But judged in terms of the Administration's March 1977 proposal, it is likely to be viewed by many as inadequate: it has not placed a really restrictive ceiling on Soviet ICBMs and, in particular, it has not cut into the Soviet advantage in heavy missiles. Even without the legacy of the March proposal, the new agreement would still be controversial. But, having asked SALT to do too much, the Carter Administration now runs the risk of having its modest accomplishment characterized as an embarrassing failure. An agreement, in other words, that should be understood as an accommodation to reality is now widely perceived as an accommodation to the Soviet Union.

The Administration's problems, of course, have been compounded by other actions that have added to its image as being naïve both in the talks and in its wider dealings with Moscow. The decision to cancel the B-1, for example, suggested that the Administration was not only insensitive to how such budgetary decisions affect American negotiating leverage at the talks, but that it viewed the negotiations as an end in themselves rather than as an instrument of American security policy. Other actions, such as deferral of the so-called neutron bomb, while not directly related to the talks, have only served to reinforce the image of an Administration uncertain over how to respond to the growth of Soviet military power. Finally, Soviet military involvement in Africa has served to deepen skepticism on Capitol Hill and

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elsewhere over Moscow's motives and the prospects for a cooperative superpower relationship.

Under these circumstances, arguments that were unheard of during the 1972 SALT debate have begun to surface—the suggestion, for example, that only by defeating a new agreement might the United States be alerted to the changing strategic balance and might the Soviet Union recognize the risks it is undertaking in continuing its massive buildup and becoming involved in foreign adventures far from its shores. As these arguments gain currency, it becomes more difficult for the Administration to argue, as it has already begun to do, that a failure to ratify a new agreement will come as a profound shock to Soviet-American relations, which could lead to new superpower tensions and increased defense spending. For many, the emergence of a clear disparity in strategic capabilities over the next decade is a much more troubling vision than the traumatic failure of SALT. At least one-third of the Senate membership, in the final analysis, may decide that no SALT agreement is preferable to what they believe is a bad one.

VIII

There is, of course, little the Administration can do to the agreement itself to make it more acceptable to critics. But in order to achieve Senate approval, the Administration will have to consider committing itself to a variety of measures to build congressional confidence in U.S. security under a new SALT regime. The Senate is sure to request assurances concerning the ability to monitor the agreement. And, on the controversial protocol, the Administration would be wise to promise that any extension would only take place following Senate debate and approval.

More importantly, the price of Senate approval is also likely to include an accelerated program of strategic modernization, including upgrading of the Minuteman III missile, a speedup of Trident submarine and ALCM procurement, and perhaps even a second look at the B-1. Because of the sensitivity of the Minuteman vulnerability issue, the Administration might particularly defuse concerns over a new agreement by making a commitment to a new mobile ICBM. Many of these improvements, ironically, are steps that the Administration earlier hoped that a new agreement would make unnecessary. However, a commitment by the Administration to boost defense spending and accelerate new strategic programs is probably a political necessity to gain approval for the accord. It will force the Administration to recognize the close interconnection between the arms talks and the defense policy process.

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A commitment by the Administration to ensure that the strategic balance is not allowed to change dramatically over the coming decade may well provide the margin that the White House will need in winning congressional support for its policies at SALT. But an acceleration of the American defense effort will not solve a different class of problems posed by the new accord, problems that may not figure significantly in the Senate's review of SALT but could have a profound impact on superpower arms control.

As the cruise missile issue has made abundantly clear, the ability of the two superpowers to continue to discuss their own strategic relationship at SALT without reference to the possible impact that agreements could have on the security of their allies is rapidly declining. New classes of highly flexible weapons—possessing both strategic and tactical attributes—have made it no longer possible for Washington and Moscow to "compartmentalize" their strategic relationship at SALT. Thus, it is no accident that the major stumbling blocks to agreement following the Vladivostok summit were weapons, like the cruise missile or the Soviet Backfire bomber, that did not easily fit into the categories erected by strategic thinkers a decade ago. These were weapons that seemed to affect primarily theater military balances—in Europe or in Asia—but their ability also to perform strategic missions placed a high premium on including them in SALT.

The Carter Administration has finessed the cruise missile problem by constructing the three-year protocol. But this is not a solution to the dilemma, it simply puts off the matter while some means is sought to find a formula for reconciling Soviet, American and West European interests reflected in the cruise missile issue. This will not be an easy task.

A more permanent arms control solution to the cruise missile problem will require both superpowers to begin addressing not only the strategic balance, but the wider NATO-Warsaw Pact nuclear balance. Whether cruise missiles, the Backfire, the new Soviet SS-20 and the British and French nuclear forces should be introduced into SALT or made the subject of yet another arms control forum is a question that has only begun to be asked. But an answer will be necessary before the end of the decade. Thus, both the Administration and critics of the proposed agreement should ensure that the coming debate does not merely focus on its details and possible military impact. If the SALT process itself is not put under scrutiny, superpower arms control may not survive beyond the protocol.

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Colin S. Gray

THE STRATEGIC FORCES TRIAD: END OF THE ROAD?

By the early to mid-1980s, the United States will be unable to repose confidence in the ability of all save a small fraction of its silo-housed missile force to ride out a Soviet first nuclear strike. The possible implications of this early predictable development, and the policy choices that it poses for the U.S. government, are the subjects of this article.

For nearly 20 years the United States has maintained a triad of strategic forces, comprising silo-housed intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs), and manned penetrating bombers. An entire leg of this triad is approaching mass obsolescence—as currently deployed in fixed hardened sites. Although the growing debate over the meaning of silo vulnerability is focused heavily upon the issue of whether or not a follow-on ICBM, called MX (missile experimental), should be developed and procured—and if so, how it should be deployed—the MX debate is operating as a catalyst to open, or reopen, discussion of a wide-ranging set of strategic and political issues. At stake in, and closely related to, the MX/ICBM debate are matters of far deeper significance than might immediately be discerned. At one level, it is the technical merits of a particular weapon system, in all aspects, that are being debated—but behind the technical issues lurk such questions as the following: What will the United States ask of its strategic forces in the 1980s and 1990s (i.e., what quantity and quality of strategic posture will be appropriately supportive of American foreign policy)? How do we deter the Soviet Union in plausible (or not implausible) crises and conflicts in the 1980s and 1990s? How do the strategic forces contribute to that deterrence?

To a major degree, technical answers must be driven by broad political-military choice. Our foreign policy goals, be they more or less expansive than in the past, should point to a prudent strategic

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doctrine for the United States—and such a prudent strategic doctrine, in turn, should indicate greater or lesser interest in particular kinds of strategic capability.

Moreover, the principal (at least potential) adversary cannot sensibly be ignored while Americans debate what *they* would like to do vis-à-vis their strategic nuclear posture. To some highly debatable degree, any U.S. strategic posture has to be relevant to Soviet anxieties, defined, as best we can determine, by Soviet officials and analysts. It should never be forgotten that American strategic forces are about the business of posing not-incredible negative sanctions in Soviet minds and, if need be, of imposing such sanctions in action. The current Director of the U.S. Arms Control and Disarmament Agency, Paul C. Warnke, has argued that the United States should not invest in strategic capabilities that mirror Soviet programs, if such capabilities are held *by us* to be undesirable.[1] While there is some sense in this argument, it would be foolish, and could prove fatal, for the United States to neglect the development of the kind of programs that have high leverage in Soviet estimation.

II

Many people, not excluding some of those knowledgeable about military affairs in general, have great difficulty comprehending what strategic nuclear forces are all about. Their analysis is viewed as an arcane exercise almost totally removed from real political life—that is, in essence there are two kinds of military power, usable (ground forces, tactical air, naval) and unusable (nuclear, and particularly strategic nuclear). Yet it happens to be the case that the health of the strategic nuclear balance is essential for the effectiveness of U.S. foreign and defense policies as a whole.

Alas for the views of skeptics of this argument, the logic works in both directions. First, behind American foreign policy, worldwide, is the *ultima ratio* of resort to strategic nuclear weapons: if American and allied forces face the possibility or imminent prospect of stark defeat at any point around the periphery of Eurasia when confronted by, say, locally applied Soviet military power, the existence of our strategic nuclear forces should enable us to threaten believably, or in the last resort to employ, a major measure of escalation in pursuit of an improved outcome at a

[1] See Mr. Warnke's testimony in *Strategic Arms Limitation Agreements*, Hearings before the Senate Committee on Foreign Relations, 92nd Cong., 2nd sess., June 28, 1972, Washington: GPO, 1972, p. 181; and his article, "Apes on a Treadmill," *Foreign Policy*, Spring 1975, pp. 12–29.

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higher level of violence. Second, should the Soviet Union face defeat in Europe (improbable though that must be judged to be), the eastern Mediterranean, or the Persian Gulf, it might be tempted seriously to employ strategic nuclear forces for an improved outcome—depending upon the quality of the local issues, their broader ramifications (perhaps, for Soviet reputation), *and the perceived state of the strategic nuclear balance.* This, of course, dramatizes and simplifies the likely range of choice. In practice, a Soviet Union in dire straits, in some local imbroglio involving the United States, would probably discern more alternatives than either acquiescence in a local defeat or escalation to a (superpower) homeland-to-homeland nuclear exchange. Nonetheless, the logic holds.

The foreign policy relevance of strategic nuclear forces is most easily, and credibly, demonstrated with reference to NATO. Barring some noteworthy changes in current thought and practice, the time is rapidly approaching when the NATO strategy of flexible response—or flexible escalation as Harlan Cleveland was sufficiently unkind or honest to characterize it[2]—simply should not work. Until the present day, widely acknowledged deficiencies in NATO's local stopping power have been rationalized by reference to the total panoply of Western deterrent potential. Should NATO be losing a war in Europe in a quite unambiguous way, having employed conventional and theater nuclear forces, then the United States would have (initially, probably in a severely limited way) resort to strategic nuclear weapons in an endeavor to restore deterrence—as official jargon will have it. When NATO's basic, and still authoritative, strategy paper, MC-14/3, was negotiated in the mid-1960s, the United States enjoyed a very healthy strategic nuclear imbalance in its favor. A NATO strategy that rested, *in extremis,* upon deliberate, controlled escalation was very sensible. However, simply possessing large and reasonably diverse strategic nuclear forces does not, ipso facto, confer the needed quality of deterrence. Dramatic and apparently enduring trends in the strategic balance should matter for the integrity of NATO's strategic concept of flexible response/escalation.

By and large, participants in the current debate over strategic forces issues agree that the trend in the strategic nuclear balance is adverse: nobody, to my knowledge, is claiming that the United States is not dramatically less well situated, in strategic nuclear terms, in 1978 than it was in 1966–67. Also, after a little thought,

[2] See *NATO: The Transatlantic Bargain*, New York: Harper and Row, 1970, p. 82.

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very few people would dissent from the thesis that the critically needed backstop to NATO strategy is a United States that could, not incredibly, threaten first (very limited) employment of strategic nuclear weapons. Leaving aside contentious details over the pace of the adverse trend in the strategic nuclear balance, it is reasonably clear that strategic forces can, in principle, be relevant to: the deterrence of crises; the deterrence of inimical behavior in crises; the control of the kind of military "breakout" that might be attempted in desperation from a crisis; and the character and terms of settlement of a war that emerged out of a crisis.

Back in 1974, Henry Kissinger questioned the political utility of strategic nuclear forces when he asked, "What in the name of God is strategic superiority?"[3] It was a pertinent question and it merits a direct answer. Strategic superiority translates into the ability to control a process of deliberate escalation in pursuit of acceptable terms for war termination. The United States would have a politically relevant measure of strategic superiority if it could escalate out of a gathering military disaster in Europe, reasonably confident that the Soviet Union would be unable or unwilling to match or to overmatch the American escalation. It follows that the United States has a fundamental foreign policy requirement that its strategic nuclear forces provide credible limited first-strike options.

Indeed such a requirement relates to many other potential conflict or confrontation situations and areas. Given the geopolitical asymmetries between the two superpowers (the Soviet Union having, in effect, interior lines of communication save toward the Western Hemisphere), as well as growing Soviet military outreach, it is more and more likely that it will be the United States that first feels the acute need to escalate out of a local theater for an improved outcome.[4]

This discussion could be misleading, in that it has dwelt upon the foreign policy relevance of actual strategic nuclear employment, or of crises that threaten such employment. In practice, while acute confrontations arise only rarely, the strategic posture "works" day by day pervasively in diplomacy. Americans' perceptions of their country's relative standing, perceptions by others, and the American sense of what risks are involved in particular possible enterprises—all rest, in part, though in ways that are incalculable, upon assessments of the state of the strategic nuclear

[3] In "News Conference at Moscow, July 3," *Department of State Bulletin*, July 29, 1974, p. 215.

[4] A seminal discussion of this subject is in Paul H. Nitze, "Deterring Our Deterrent," *Foreign Policy*, Winter 1976–77, pp. 195–210.

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balance. Nobody knows, with any confidence, how a World War III would terminate. Would there be a victor? Does such a concept make sense? But everybody knows which way the balance is tending, and this knowledge contributes to a constricting of American freedom of foreign policy action. Those who are skeptical of the importance of strategic nuclear forces have to explain why it is that the Strategic Arms Limitation Talks (SALT) are, by universal agreement, the centerpiece of East-West diplomatic activity, and really have become the pacer for, and symbolic of, the state of health of East-West relations as a whole. Also, skeptics have to explain why it is that the Soviet Union, which is not known for its neglect of the political meaning of military power, has been competing so vigorously, and expensively, in this region for more than ten years.

III

More than two years ago, in the pages of this journal, Paul Nitze wrote:

> . . . the trends in relative military strength are such that, unless we move promptly to reverse them, the United States is moving toward a posture of minimum deterrence in which we would be conceding to the Soviet Union the potential for a military and political victory if deterrence failed.[5]

The situation is worse today than it was when those words were written. The momentum of the Soviet strategic forces build-up has continued, while the quality of Soviet weapons (and particularly the accuracy of Soviet ICBMs) is better than was predicted then.[6] That much is not in dispute.

In terms of the concept discussed in the preceding section—escalation dominance, if you will—the implications are chilling. On current trends in the strategic balance, an American President should, prudently, be deterred from initiating strategic nuclear employment; should he proceed nonetheless, the war would very likely terminate after an almost wholly counter-military exchange (which the Soviet Union should win unequivocally) because the United States could not possibly secure an improved war outcome by initiating attacks against Soviet industry and (through co-location) population. If, as seems plausible, it would likely be the

[5] "Assuring Strategic Stability in an Era of Detente," *Foreign Affairs*, January 1976, p. 227.

[6] For example, it has been claimed that in their most recent ICBM tests the Soviet Union achieved an accuracy of close to 0.1 n.m. (or 600 feet). Clarence A. Robinson, Jr., "Soviets Boost ICBM Accuracy," *Aviation Week and Space Technology*, April 3, 1978, pp. 14–16.

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United States that was leading the escalation process—given that some theater disaster needed to be reversed—it is very probable indeed that the United States would be challenging the Soviet Union to a competition in risk-running and damage acceptance that the United States could not possibly win. *If* the Soviet Union will be able, by the mid-1980s, to effect dramatically greater prompt counter-military damage than could the United States, and if Soviet civil defense programs are only half as effective as Leon Gouré and T. K. Jones claim,[7] then it takes a very talented fiction writer to invent acute crises for the 1980s wherein the United States either chooses to initiate nuclear employment, or secures some political advantage from such employment.

If this argument is valid, it means that the Soviet Union would have effectively neutralized the U.S. strategic deterrent, thereby holding the ring square in local conflicts—would have the capability to escalate to strategic nuclear use itself, should local events develop very adversely—and would have a not-implausible concept for a politically meaningful victory in a homeland-to-homeland nuclear war. Many of our more dovish commentators like to wax lyrical on the subject of the deficiencies of the Soviet civil defense program. What those commentators have difficulty explaining is how the United States could rationally initiate attacks upon Soviet urban areas in any event.

As of mid-1978, it is quite evident that the Soviet Union is determined to pose (effectively) a total threat to the silo-housed American ICBM force. There is no other plausible explanation for the Soviet ICBM modernization program. Soviet fourth-generation ICBMs (the SS-16s, -17s, -18s and -19s) are replacing older ICBMs at the rate of 125–150 a year, while a fifth generation is nearing the stage of development when it will be flight-tested.

The SALT process has been, and promises to be, of negative value for the survivability of American silo-housed ICBMs.[8] SALT I, signed in May 1972, really was about two things in contemporary official American estimation. First, and most important, it set the seal upon, and was centrally symbolic of, superpower détente, and ensured the reelection of Richard Nixon. (In syllogistic logic: if SALT means détente, and if détente means "peace," how can one be against SALT?) Second, at the level of strategic reasoning,

[7] Leon Gouré, *War Survival in Soviet Strategy: USSR Civil Defense,* Washington, D.C.: Center for Advanced International Studies (University of Miami), 1976; and T. K. Jones, testimony in *Defense Industrial Base: Industrial Preparedness and Nuclear War Survival,* Hearings before the Joint Committee on Defense Production, U.S. Congress, 94th Cong., 2nd sess., Washington: GPO, 1976, Part 1.

[8] This point is now conceded by Secretary Harold Brown. *Department of Defense Annual Report: Fiscal Year 1979,* February 2, 1978, Washington: GPO, 1978, p. 106.

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SALT I was, supposedly, an arrangement whereby the United States surrendered a greatly superior antiballistic missile technology (for the defense of ICBM silos), in return for a severe arresting of the pace of the Soviet offensive threat to American ICBM silos. Unfortunately, the arrangement did not work. In particular while SALT I effected a freeze on the construction of ICBM launchers (i.e., silos and their ancillary equipment), it did nothing to constrain qualitative improvements.[9] American ABM technology was indeed arrested abruptly, but the Soviet ICBM threat to American silos accelerated. The SALT process, at present, is irrelevant or negative in its impact upon strategic stability, essentially because the Carter Administration gives every evidence of not understanding that the central problems it faces relate not to arms control but to basic defense posture.[10]

When Paul Nitze wrote of "Assuring Strategic Stability in an Era of Détente," an unacceptably high threat to American silos seemed nearly ten years in the future, and all major strategic options were open. The situation is very different in mid-1978. An unacceptable level of threat to our ICBMs could mature as early as 1982-83 (which leaves very minimal lead time for appropriate offsetting action); the B-1 manned bomber has been cancelled (which means that the Soviet Union should face far fewer problems coping with U.S. penetrating manned bombers and cruise missile carriers); the MX ICBM timetable—for an initial operating capability—has been slipped from late 1983 to early 1987 (if ever); and the strategic cruise missile program has been confined to deployment on airborne platforms, and faces severe range constraints in SALT. Interacting very negatively with those facts is the prospect of a comprehensive nuclear test ban—which cannot fail to operate to the American disadvantage. If nuclear testing is prohibited, each side should be inclined to stick, for reasons of reliability, to more conservative nuclear weapon designs, which consume more volume and payload than do designs (not yet fully tested) that are pushing at the frontier of the state of the art. The Soviet Union, given the physical size of its strategic weapon systems, has all the

[9] A different and erroneous impression was conveyed by officials before Congress in 1972. It was argued that the identification of "heavy" and "light" ICBM categories, with the latter constrained (in U.S. interpretation) to a throw-weight no larger than that of the SS-11—2,000 lbs. at most—was an important achievement in the attenuation of the threat to the silos. The worth of this SALT achievement became very evident by 1975 when the Soviet Strategic Rocket Forces began deploying "light" ICBMs (the SS-19) with a throw-weight of 7,000–7,500 lbs.

[10] However, it would be unjust to level all criticism at the current Administration. President Carter's negotiating leverage in SALT is hampered by a decade of American underinvestment in strategic nuclear forces.

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payload necessary to accommodate such conservative designs—the United States does not.

No single indicator of relative strategic prowess can be used as *the* evidence for one, as opposed to a rival, trend in the strategic balance. But on every important indicator the Soviet Union is either ahead—as in megatons, "equivalent megatonnage" (a measure of surface blast damage potential), missile throw-weight, and numbers of strategic nuclear launch vehicles (SNLVs)—or is catching up rapidly, as in missile accuracy and numbers of warheads.[11] In dynamic as opposed to static "bean counting" terms, the prospect that we face in the 1980s is a Soviet Union that can disarm us forcibly of the land-based ICBM leg of our strategic triad, and which might possibly be able to hold down its civilian casualties to a level below that suffered in the Great Patriotic War of 1941-45—even if the United States should proceed all the way up the escalation ladder.

On current trends, the former prediction is close to certain, the latter is plausible. And SALT II, as currently designed, has no impact of merit for future stability upon these arguments. If, as reported, SALT II specifies a common SNLV ceiling of 2,250, a common MIRV (multiple, independently targetable reentry vehicle) launcher ceiling of 1,200, and a common MIRVable ICBM ceiling of 820, the enormous throw-weight in the Soviet ICBM force[12]—with its clear implication for subdivision for MIRVing—provides capacity to spare for the evolution of a total threat against American hard targets (missile silos and command-and-control facilities).

IV

There are no cheap and clever solutions to the problem that Soviet theoretical silo-killing prowess poses. It is possible that the obsolescence of the American silo-housed ICBM force should be viewed not as a problem, but rather as a historic arms control opportunity. Unfortunately for the promise in this line of thought, the United States is not, at present, developing a parallel threat against Soviet ICBM silos on a scale at all likely to promote enthusiasm in Moscow for a major SALT-negotiated drawdown in

[11] See Paul H. Nitze's press conference statement, "Current SALT II Negotiating Posture," Washington, D.C.: The Committee on the Present Danger, March 28, 1978, particularly the appendix.

[12] By the early 1980s, the Soviet ICBM force should enjoy roughly a 5:1 advantage in throw-weight over its American "equivalent" (ten million lbs.: two million lbs.). In strategic calculations throw-weight is not everything, but this is not a trivial advantage—particularly since Soviet ICBM accuracy is approaching that of the United States.

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strategic forces. (Indeed, the recent SALT II negotiating record illustrates unambiguously the fact that the Soviet Union is interested in effecting only the least level of reduction in offensive forces that it can secure, and in delaying the execution of such a reduction as long as possible.)

As of mid-1978, the United States cannot address the silo-vulnerability problem in SALT—because that problem is not, as yet, perceived in Moscow to be a common one. Silo vulnerability, to refer to a general point made earlier, does not become an arms control problem, capable of being addressed seriously in SALT, until it is first approached as an urgent defense policy problem. When the Soviet Union observes that the United States is in the process of both solving its silo-vulnerability problem, and—as a consequence perhaps—is developing a major potential threat to Soviet silo-housed ICBMs, then silo vulnerability (and the character of land-based missile forces more generally) should become an arms control issue relevant to SALT.

Generically, the United States has four classes of alternatives vis-à-vis the threat that Soviet fourth-generation ICBMs will pose to the 1,054 Minuteman and Titan ICBMs.[13] The United States could: seek to defend its silos; threaten to launch its ICBMs on positive warning and (some) assessment of the weight and character of attack (a policy styled LOA, or launch on assessment); choose to phase out its ICBM force and rely instead upon a dyad of SLBMs and manned bombers/cruise missile carriers; or seek to preserve the strategic triad by means of land-mobile deployment of ICBMs. Three of these options have major SALT connections (defend silos; move to a dyad; and land-mobile ICBMs), but defense planners today should not presume that they will be SALT-constrained. It is prudent to assume that arms control inhibitions, as negotiated in SALT II, will apply. But it is also sensible to consider what might be done if the Senate should fail to ratify the treaty (or the Protocol), or on the expiration of a three-year Protocol that may, on present indications, ban deployment and testing but not development of a land-mobile ICBM.

At the present time, the option of defending ICBM silos is not a serious contender for the solution to the silo-vulnerability problem. Aside from the many technical issues involved, this option would involve abrogating, or fundamentally renegotiating, the ABM Treaty of 1972. Should the strategic offensive forces side of SALT be arrested by a failure of the Senate to ratify SALT II, then it is

[13] I have discussed this subject comprehensively in *The Future of Land-Based Missile Forces*, Adelphi Paper No. 140, London: The International Institute for Strategic Studies, Winter 1977.

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just possible that the ABM Treaty might be a casualty of the general political fallout that would ensue. However, the ballistic missile defense (BMD) option has relatively few strong advocates in 1978. This may, to be sure, be more a matter of fashions in ideas than it is of detailed analysis. Though it is widely believed that the scale and sophistication of the offensive threat has now outrun the capabilities of active defenses, this belief probably rests on untested assumptions, about resource allocations in particular. If the United States were willing to devote to ballistic missile defense (BMD) the kind of funding over many years that the MX ICBM might well require, it is conceivable that probable Soviet attack levels for the late 1980s and 1990s could be defeated, at least in the sense of limiting sharply their counter-military effect. Indeed it is even possible that, as we approach the end of the century, the technological balance between offense and defense might be overturned in favor of the defense as a consequence of deployment of space-based laser BMD technology that could attack ICBMs in flight before they released their MIRVs.

However, for the 1980s, any ballistic missile system promises to be more a complication for the attack than a high-confidence defense.[14] Moreover, if the ABM Treaty regime were to end, the Soviet ability to deploy such systems rapidly in the 1980s is probably going to be far more impressive than the American ability to do so. Certainly even SALT I has brought no reduction in the burden of peacetime defense expenditures on the U.S.S.R.—it spent more on strategic forces in 1972-77 than it had in the period 1967-72! And, more specifically, the severe braking effect of the ABM Treaty upon American research on BMD may be contrasted with an increase in Soviet activity in that area.

The second option, toward which the United States is edging, *faute de mieux,* is to adopt the ICBM firing tactic of launch on assessment (LOA). Senior Carter Administration defense officials have been uttering more and more friendly references to this tactic. For a country with a $2 trillion GNP and a defense budget of more than $120 billion—after nearly a generation's warning that the silo-vulnerability problem was coming—to be compelled even to think very seriously about LOA is little short of a disgrace.

For LOA is potentially accident-prone (what if the warning signals, and even the early stages of an attack, are misassessed?), is vulnerable to deliberate Soviet degradation of American strategic early warning facilities, and—in effect—would represent an all-

[14] This might not be true, were the United States permitted to deploy an ABM with multiple warheads.

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time nadir in strategic thought and planning (against what do we launch?). The Congress should discourage the slide toward acceptance of this option, and instead insist upon some more intelligent and less accident-prone resolution of the problem. The most that can be said for the several variants of launch on (radar) warning is that it is healthy that Soviet leaders have, in the back of their minds, a residual fear that "the United States just might do it." Therefore, the proper place of LOA in American strategy is of the "we do not rule it out" variety. But, LOA should not be thought of as anything save a desperate quick tactical fix, and a small supportive element contributing to useful uncertainty in Soviet defense planning.

V

The last two options are the serious contenders for determination of the character of the U.S. strategic posture through the year 2000: namely, a move to a dyad—withdrawing the ICBM force from the active inventory—or a move to a *survivable* land-based missile deployment. A dyad vs. triad debate is waiting just over the horizon to convulse the American defense and arms control community. At the present time the debate is focused upon the MX follow-on ICBM, and particularly its preferred basing mode. Opponents of the triad structure may well succeed in effecting a move to a strategic dyad, by means of aborting the birth of MX—and hence may be able to sidestep fundamental strategic issues that should be addressed in a dyad-triad debate.

The case for a dyad of SLBMs and air-breathing elements (penetrating bombers and cruise missiles) is supported by arguments of greater and lesser degrees of sophistication. At its most simple-minded, the dyad case amounts to the observation that a large imbalance in silo-killing protection, in favor of the Soviets, can be neutralized—as by magic—if we remove the silos from the force posture. Great logical skill is not required in order to perceive that this argument (to stretch a term) is basically one for unilateral disarmament.

The dyadic preference is somewhat confused, in that it tends to be advanced by a scattershot of arguments. It is unclear whether the base case for a dyad rests upon the claimed irrelevance of ICBMs, per se, or the alleged deficiencies in the proposed MX ICBM program in particular. Given that critically important elements in the MX program are, at present, undefined in detail (e.g., total size of force, number and yields of warheads, basing mode, and deployment dates), attempts at definitive and final

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discussion are likely to be premature at least as to specifics.[15] In any event the simmering debate on specifics should at least run alongside serious discussion of whether or not the United States needs an ICBM force: What does, or might, an ICBM force contribute to American and allied well-being that could not adequately be provided by a strategic forces dyad? This is a very serious question and it merits a more direct answer than it has received as yet.

It is usual to observe that ICBMs are the most accurate, most "ready," most reliable, most easily commanded, and generally most flexible for diverse possible employment, of all U.S. strategic nuclear forces. Manned bombers and cruise missiles would be slow to reach their targets and would be subject to attention by Soviet active defenses. And current SLBMs are not always on station (40 to 50 percent of the nuclear-powered, ballistic-missile-firing submarines [SSBNs] might be destroyed in port), are less accurate than ICBMs (because of small cumulative errors in the submarine's navigation system), and cannot receive firing instructions at any depth.

Against these common arguments, advocates of accepting a dyad claim that the sea-based deterrent force can be improved to have most of the present attributes of a land-based missile force (very high accuracy, "readiness" on station—through the very long range of the Trident I and II missiles—and ease and security of communications), and that it is far from self-evident that the United States needs the particular strong attributes of an ICBM force in its military posture. For *prompt* neutralization of hardened targets, and for the execution of limited nuclear options, the ICBM clearly is superior to its SLBM and bomber/cruise missile rivals—provided it is deployed survivably. But, there are people who discern no great need for a large *prompt* hardened-target kill capability, and who admit to a willingness to sacrifice an SSBN or two, and probably some unfired SLBMs, as a consequence of charging the sea-based deterrent force with limited nuclear option responsibilities.

The fundamental case for retaining an ICBM force in a strategic nuclear triad does not rest upon alleged deficiencies in the sea- and air-based forces. The Trident II SSBN *will* have intercontinental range (approximately 7,500 miles), meaning that it can be "on

[15] For example, the most thoroughgoing critique of the MX program I have encountered rests in part on elements in an assumed program that are in fact open to change or modification. See M. Callaham, *et al., The MX Missile: An Arms Control Impact Statement,* Cambridge, Mass.: Program in Science and Technology for International Security, MIT, March 1978.

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station" to a degree dramatically better than previous SLBMs; also, if the United States proceeds sensibly to deploy an extremely low frequency (ELF) communication system for the command of SSBNs, war plan execution orders should be capable of being transmitted with a reliability very close to that pertaining to command of ICBMs. Finally, the accuracy of SLBMs can be improved to the degree desired in the 1980s by means of utilizing stellar inertial navigation to compensate for errors in the submarine's navigation instruments, "plugging in" to the satellites of the Navstar Global Positioning System, or through the employment of terminal sensing devices. In principle, at least, Navstar and terminal guidance can be degraded or "spoofed," but one would be giving the adversary a set of major technical and, above all, operational problems to solve.

Similarly, the case for retaining an ICBM force could be posed, unwisely, in terms of the uncertainties that surround the likely performance of cruise missiles. At the present time no one knows just how secure the pre-launch and penetration survivability of the air-launched cruise missile (ALCM) force will be in the late 1980s. Optimism or pessimism is, in good part, related to the preferred conflict scenario. Unlike the B-1 manned bomber, the B-52 ALCM-carrier cannot be dispersed to a very large number of airfields, does not have a very impressive runway escape speed, and is not significantly hardened against nuclear weapon effects. All of this means that a Soviet ballistic-missile barrage attack against predictable airfield escape routes is very likely to impose heavy attrition (down with every B-52 will go 20 ALCMs). How effective Soviet air defense will be against cruise missile carriers and individual ALCMs is a matter of speculation. However, it is prudent to assume that Soviet airborne warning and control systems (AWACS), directing the MiG-29 (an improved MiG-25 that can "look down" and "shoot down"), will pose a non-trivial threat at (and beyond) the frontier of Soviet airspace; while the SA-10 surface-to-air missile and its successors should impose yet more attrition. Doubts concerning the survivability of cruise missiles may be well or ill founded, but they cannot be unrelated to the total strategic context, notably whether Soviet air defenses are assumed to have been suppressed effectively by precursor ICBM and SLBM strikes.

The basic case in favor of a strategic forces' triad, which includes a substantial and survivable ICBM element, is that it compels a dispersion of adversary investment, preparation and attention. In the early 1960s, the American defense community understood, almost as an axiom,

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that strategic stability flowed from the existence of large and diverse forces.[16] Our current official defense and arms control community apparently has retrogressed in the quality of its strategic thought. The Carter Administration endorses, at least in principle, the idea of deep reductions in strategic nuclear forces and, in practice, has simplified the Soviet defense problem by cancelling the B-1 manned bomber and delaying (possibly aborting) the MX ICBM. It is not essential that senior officials in the defense and arms control area have credentials as strategic theorists, but it is reasonable to expect them to understand that a very large and diverse strategic posture (a triad plus) has to be inherently more stabilizing than a smaller dyad.

Behind this general proposition, two supporting arguments, in particular, need to be registered. First, if the Soviet Union faces a U.S. strategic forces dyad, as opposed to a triad, the potential payoff from research, development and deployment in the regions of antisubmarine warfare and air defense have to rise dramatically. Also, since the Soviet Strategic Rocket Forces would be deprived of most of their hard targets in the United States—as the ICBM force is phased out—they would have warheads to spare for missions that previously, for reasons of resource limitation, had to be accorded only a low priority. Specifically, unilateral American abandonment of its ICBM force would, in the mid-1980s, free more than 5,000 megaton-range, very accurate, Soviet reentry vehicles for barrage-attack assignment against our airbreathing and sea-based strategic nuclear forces. A strategic dyad properly augmented to compensate for the loss of the ICBM force could well cost more to sustain and modernize than would a triad embracing the MX ICBM.

Second, technically trained and focused Western strategists have a tendency to forget that strategic power, latent or applied, should be developed and exercised for political ends. Even if the United States made the necessary effort to offset the absence of ICBMs, might it not—in political perceptual terms—have extreme difficulty persuading itself, and others, that a dyad was the strategic equivalent of a triad? This potential difficulty would be compounded by the fact that the move to a dyad was less than freely chosen. American ICBMs, in peacetime, would have been coerced out of their silos by the theoretical Soviet silo-neutralizing threat.

[16] This sound idea has been revived recently in Richard Burt, "Reducing Strategic Arms at SALT: How Difficult, How Important?", in Christoph Bertram, ed., *The Future of Arms Control: Part I: Beyond SALT II*, Adelphi Paper No. 141, London: The International Institute for Strategic Studies, Spring 1978, pp. 4–14.

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VI

The demise of the land-based leg of the U.S. strategic forces' triad, should it occur, may be traced by future historians not to the kind of arguments advanced immediately above, but rather to the fact that particular aspects of the follow-on ICBM program to the Minuteman III were intolerably vulnerable to challenge (given the context of defense debate in the United States). The dyad-triad debate now hangs in domestic political terms upon the outcome of the MX issue. If the case for the MX ICBM is lost, then—in all probability—the United States will abandon its land-based missile force.[17]

By way of basic reference, as of mid-1978 the MX ICBM concept envisages the following: a missile weighing 192,000 pounds with slightly more than 8,000 pounds payload, to be deployed in numbers ranging between 150 and 300, in a multiple aim point (MAP) basing mode. The multiple aim points may consist of buried trenches (13–20 miles in length), dispersed and hardened horizontal *or* vertical shelters, or pools of water.[18] The cost of the MX ICBM system, including ten years of operation and maintenance, could be between $25 and $40 billion. The intention is to provide, as a base case, 5,000 individual aim points—i.e., points that Soviet strategic forces would have to cover—with the possibility of economical further increases in aim point numbers should the scale of the Soviet threat expand beyond initial expectations.

The debate over MX embraces a wide range of concerns, any one of which could prove fatal to the deployment prospects of the system. These concerns include anxieties over increasing strategic instability; fears of a negative impact upon prospects for arms control; technical uncertainties over the viability of the selected MAP basing mode against plausible Soviet threats; cost considerations; environmental sensitivities; and suspicion that many, and perhaps enough, of the tasks of MX could be performed by more capable SLBMs and cruise missiles.

The paradox is that although fundamental MX program decisions, positive or negative, should be made on strategic and arms control grounds, at the present time it is the secondary issues of the basing mode and of cost that are dominating informed discussion. No honest advocate of the MX system can deny that there are indeed difficulties in both these areas, which must be

[17] Logically, this need not be true. But, the B-1 analogy is a powerful one. The Carter Administration said "not the B-1," rather than "no new penetrating bomber"—however, this amounts, in practice, to a distinction without a difference.

[18] See my article, "The MX Debate," *Survival*, May–June 1978 (in press).

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overcome before any clear-cut decision could be taken. The buried-trench concept, which was the leading candidate for the MAP system until the end of 1977, has fallen foul of anxieties over its potential vulnerability to ill-understood nuclear weapon effects that may have a special character in such a trench environment. And, of course, it is important to develop the most cost-effective possible basing mode, one that clearly provides a major multiplication of aim points that would force the Soviet Union, if it were to attempt to counter such a multiplication, to a scale of effort it would not readily undertake.

Yet, important as these technical issues remain, it does seem almost certain that a cost-effective and robust MAP basing mode can in fact be found, which will not be subject to easy challenge on technical grounds.

At that point, opponents of the MX are sure to raise objections on the grounds of alleged crisis and arms control instability, and claimed incompatibility with the SALT process. Thus, it is important to face up now to the arguments in these areas.

To review briefly the central line of argument, the overwhelming purpose of an MX ICBM program is to support American foreign policy. To that end the United States needs a *survivable* land-based missile force. Such a force strengthens pre- and intra-war deterrence, and should improve the prospects for tolerable conditions for early war termination. Even if, in theory, a truly massive Soviet first strike could defeat MX in the late 1980s and 1990s, the existence of 150-300 MXs in 5,000-plus possible aim points cannot help but increase Soviet attack uncertainties to a very healthy degree, and enforce a tremendous, and vastly disproportionate (to that destroyed), consumption of Soviet missile payload. At the least, then, early action on MX deployment would defer Soviet attainment of some facsimile of "escalation dominance" for many years.

This brings us to the question of timing. As things look from the perspective of 1978, any U.S. resort to limited nuclear options in the mid-1980s could meet with a devastating Soviet reply that would still be almost strictly counter-strategic. On this estimated timing of the increase in the Soviet threat, an MX ICBM deployed over the period 1987–91 would not, on the face of things, be a timely program. But there are no overriding technical obstacles that cannot be overcome—in the judgment of well-informed experts—so as to permit the deployment of a technically solid MX system over the period 1984–88. And such a program either defeats that Soviet advantage definitively, or pushes it out into the

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early 1990s, thereby according us the necessary lead time to effect a basic restructuring of our strategic forces for long-term stability.

In addition, MX might restore the arms-competitive initiative to the United States. Although the expensive initial MAP basing mode decision would have been coerced by the level and quality of the predicted Soviet threat, a sound MAP concept should pose the Soviet Union an impossible attack task—in that the United States should be able thereafter to multiply aim points at will and far more cheaply than the Soviet Union could add payload to its ICBM force. Moreover, to the degree that an American MX ICBM force poses a growing threat to the very large fraction of Soviet strategic forces capability that is housed in silos, the Soviet Union should be driven into an expensive offsetting MAP configuration. Resources that Moscow devotes to concrete-lined tunnels, or dispersed shelters, are resources not expended upon offensive capability (aim points, per se, are no threat!).

The instability arguments against MX reflect shallow strategic reasoning, but are sufficiently popular to require answer. The most fashionable claim is that MX deployment will promote crisis instability in that it will place the Soviet Union in a condition where, in an acute crisis, it will have to use its silo-housed ICBMs, or risk losing them. First, it is far from certain that U.S. MX deployment will pose a total counter-silo threat to Soviet ICBMs—an MX force *can* be designed that has only a very limited counter-force potential. Second, an MX procurement decision would be well advertised, and would provide the Soviet Union with at least six-years notice for devising an offsetting survivable land-based deployment (or for a near-total move of its strategic missiles to sea-based deployment). Thus, it is implausible that the Soviet Union will ever be placed in the unstable "use them or lose them" context vis-à-vis its ICBM force that some arms control-oriented commentators have suggested.

Indeed, to the extent arms race instability does emerge, it will have been the result not of any MX ICBM deployments but of the Soviet deployments, and tests, that today are promoting such instability. MX is an American *response* to a potentially total Soviet threat to the silo-housed U.S. ICBM force. MX may drive the Soviet Union to an expensive MAP system, that perhaps might entail some sacrifice in missile accuracy and payload—all of which would be positive developments in the American perspective. In political terms, which is the proper way to view the strategic arms competition, the ultimate point is that the United States cannot tolerate Soviet unilateral acquisition of a near-total silo-threatening

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capability, or being coerced into a strategic forces dyad (with the attendant simplification of Soviet defensive tasks).

As I write, the status of an MX ICBM, deployed in a MAP mode, in the current SALT negotiations is uncertain. In principle, each separate aim point (particularly if dispersed vertical shelters were adopted) could be defined as a launcher—and launcher numbers were frozen in SALT I (a provision to be carried over into SALT II). Moreover, the pending three-year Protocol to SALT II prohibits the testing and deployment of land-mobile missiles. Thus, a key issue in any SALT III negotiations will be just this question of multiple aim points/launchers. Given a combination of Soviet ICBM payload, accuracy and launcher numbers that may then be driving the United States toward possible MAP ICBM deployment, how should the United States respond if the Soviet Union claims that MAP ICBM deployment is (by multiplying missile "launchers") in violation of some agreement? A strategically sensible and appropriate reply is not difficult to identify, but the U.S. arms control community is all too likely to take such a Soviet objection seriously. The appropriate American arms control response would be to claim that each multiple aim point complex comprises *a single* ICBM launcher—a fact that may be checked through the medium of adequate verification arrangements.

Overall, MX should be thought of as a weapon program that is essential for the support of forward-placed allies, in that supportive limited first-strike options could be threatened credibly, secure in the knowledge that the United States had a residual ICBM force that could deter attack upon itself. From the standpoint of genuine progress in SALT, MX should be beneficial. Indeed, the Arms Control and Disarmament Agency should be a strong supporter of an MX program. MX is the system that should persuade very tough-minded Soviet officials that the hard-target counterforce race cannot be won. The logic of MX is fully compatible with a substantive SALT III agreement. But, for leverage in SALT, the United States cannot depend on the *idea* of the MX ICBM based survivably. The Soviet Union has to observe the evolution of a real program.

In sum, the cost, environmental and basing mode aspects of the MX debate are all resolvable, if one comes fairly to grips with the strategic and arms control issues discussed above. If MX proponents are correct, or plausibly correct, then the devotion of less than three percent of the defense budget over a ten-year period to MX has to be a bargain. It is more likely than not that any of the current MAP concept contenders for MX deployment would be

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good enough. In looking for "the best," the United States is losing months of lead time that could be devoted to development of an adequate system.

As for the environmental arguments against MX, they too depend on perspective. The allocation of relatively small areas of the continental United States may indeed be required to provide the necessary dispersion. And such areas would then become theoretical targets of Soviet nuclear attack, just as key cities and surrounding areas already are. But the amount of actual environmental damage will surely be negligible, both absolutely and in relation to the importance of the program to an adequate defense posture—for the United States and for the nations throughout the world who depend on the maintenance of a proper superpower strategic nuclear balance.

VII

One cannot be confident that the U.S. defense community will behave sensibly and preserve the triadic structure of its strategic force posture. Every major argument of merit suggests the necessity for the United States to move ahead urgently to phase out the silo-housed Minuteman-Titan ICBM force in favor of an MX ICBM deployment, housed in a multiple-aim-point system. MX should be purchased because it solves critical security issues, and because every alternative suggested thus far is unambiguously inferior. The United States confronts a principal foreign adversary who addresses the problem of strategic warfare in a distressingly traditional fashion. MX should impose an impossible task upon Soviet defense planners, should provide at least the credible promise of the kind of war-waging capability that Soviet leaders respect, and should provide a major incentive for the Soviet Union to negotiate a substantive SALT III agreement.

The United States and its allies *might* be able to sustain their vital interests in the context of an American move to a strategic forces dyad of SLBMs and cruise missiles. But why should the risk be taken? The Soviet Union, irreverent of Western stability theory and defense anxieties, has chosen to develop a potentially total threat to American hardened strategic forces and facilities. The MX ICBM, deployed survivably in an appropriate MAP mode, is a modest and prospectively effective reply.

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Giorgio Napolitano

THE ITALIAN CRISIS: A COMMUNIST PERSPECTIVE

The policy of the Italian Communist Party (PCI) today is based on the conviction that Italy is in the grip of a very serious crisis and that the labor movement must do everything in its power to overcome this crisis. To transform Italian society in the direction of socialism—which remains our ideal—we must emerge from this crisis. If the workers, the left-wing forces, and the Communist Party did not put forward their own constructive proposals—both short-term and medium-term—aimed at preventing a deterioration of the conditions in which Italy is struggling today, if they did not contribute to a united effort of all democratic forces, the crisis might come to a head, with catastrophic results for Italian democracy. Progress toward socialism would be hopelessly delayed; there might be a very grave political and social slide backward.

At the same time, it will be impossible to pull Italy out of the crisis without effecting certain far-reaching social reforms, substantial changes in policy and methods of government. This is why we say that economic, social and political reforms and victory over the crisis are two sides of the same coin. In this light, we have worked in recent years for a loyal collaboration among all democratic political parties, especially among the larger parties—the Christian Democrats (DC), the Communists (PCI), and the Socialists (PSI); this collaboration has been developing, in fact, since the general election of June 1976 and has already borne fruit. Italy is in a phase of transition, but certain basic conditions for real change have been agreed upon, although considerable difficulties and dangers still lie ahead, as the recent dramatic events have pointed out once again.

But what is the "Italian crisis"? What are its main characteristics? We fully realize that the whole global system of economic relations is in crisis. When the dollar was declared nonconvertible in 1971, there began a long period of monetary instability; and the sudden sharp rise in oil prices in 1973 convulsed the whole network of international economic relations. In industrial countries investments

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have for years been almost at a standstill; a perverse mixture of inflation and stagnation prevails, accompanied by mounting unemployment. But against this world background, the Italian situation has its particular characteristics.

Not only is it a crisis of economic and social structures, it is also an acute crisis of the state—its apparatus, its functioning. Until a few years ago we had a highly centralized bureaucratic state, becoming steadily less efficient; its mechanism had for years been shockingly out of date and rusty; its procedures always slower and slower. It is, however, quite difficult to distinguish between problems of the state and economic problems, between current economic difficulties and the malfunctioning of the state and certain of its important institutions, such as schools and universities.

The problems of speedy and correct enforcement of laws in the economic sphere, of economic planning and public spending, have become more serious every day. And so has the crisis in the educational system—the absence of an efficient modern system of professional training, the chaotic development of high schools and universities with no updating of their structures and objectives, inadequate and muddled state intervention in the field of scientific and technological research. At the same time, there has been a massive increase in current public spending, especially on social security.

The gravity of this crisis of the state in Italy lies not only in its direct effect on the economic crisis: civil liberties and peaceful civil life are also at risk. For years both the judicial system and the police forces have been in a deplorable condition of inefficiency and confusion. Democratic society is thus vulnerable to political violence—whether neo-Fascist or extremist leftist—and to ever more intense and purely destructive terrorist attacks.

II

The present condition of the state and its institutions, the crisis of public finance, the economic difficulties, result above all from the way in which Italy has been governed in the past, both before and after the year 1968 when a shift to the Left took place, as witnessed by the results of that year's general elections. In the 1950s Italian society and economy went through a phase of rapid expansion and change, but this was accompanied by contradictory and degenerative symptoms that were not corrected even in the years after 1962 under "Center-Left" governments (composed of Christian Democrats, Socialists, Social Democrats and Republicans). There was urban land speculation and there was corruption;

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a mistaken use of resources in general and a faulty allocation of resources among the various productive sectors; and a growing imbalance between the north and the south of the country.

Some people say that Italy's present crisis is also the result of what happened since 1968—for which we all, and not only the Christian Democrats, bear a degree of responsibility. It is true that the intense wage push and the massive increase in public spending that took place after 1968, as a result of big labor struggles and under the pressure of a trade union movement that had once again found its unity, were factors creating the present crisis in Italy. And it is true that together with a positive and fully justified enlargement of the rights of workers and students and of democratic life in all forms, there appeared a widespread permissive trend, a dangerous slackening of discipline in many fields. For this, too, the parties that were in opposition during these years, as well as the trade unions, must practice self-criticism; to some extent they have already done so. But it cannot be denied that the main share of responsibility rests with the forces that governed the country, above all, with the Christian Democratic Party.

If reforms were not carried out, or were begun only after long delays—reforms that were ripe for action in the early 1960s, such as reforms of the educational system, of public administration, of legislative codes, of the judicial system, of the health service, etc.—if the necessary correctives to the economic system were not applied at that time, even after the wage push of 1970 or the oil crisis of 1973, it is the Christian Democratic Party that bears the chief responsibility for its fierce resistance and continual postponement of measures that became ever more urgent and indispensable. In the years after 1968 the governments dominated by the Christian Democrats responded to new social and political pressures—and to the danger of increasing electoral success by the Communists—by handing out public money in an even more disorganized fashion, based on the DC's own particular political interests. The Italian crisis, in this respect, is also a crisis of political leadership.

Since 1947 the Christian Democratic Party has remained in power, alone or in coalition with other and much smaller parties, supported in Parliament by different majorities, in all of which it held a dominant position. Long ago there should have been a major change in the method of governing and of those holding office. If in recent years there has been a widespread loss of confidence in democratic institutions, this is, in part, attributable to the lack of change in government policy and personnel, and to

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episodes of mismanagement and corruption, many of which remain unpunished. All this has stoked up a moral crisis, leading to a lowering of moral standards among many Italians.

The Italian crisis is thus complex and runs deep. During the last two-and-a-half years some important new factors have appeared on the political scene, and we have begun to work at overcoming the crisis. The 1975 local elections brought about changes in administration in several regions and local authorities. The 1976 general elections, and a change in the attitudes of the Christian Democrats' old allies (Socialists and Republicans), limited the possibilities of maneuver and predominance for the Christian Democratic Party and led to the search for a new balance of power. A new line of approach emerged toward the Communist Party: despite some disagreement and ambiguity among Christian Democrats, the "strategy of competitive engagement with the PCI" replaced the old policy of outright frontal opposition.

This trend was encouraged by the Communist Party's efforts to clarify some of its basic tenets, both ideological and political, in the field of foreign affairs as well as in economic matters. All political parties felt the need for a period of collaboration even if only temporary—as distinct from the traditional division into majority and opposition—in order to cope with the emergency, because of the danger of a still sharper social tension and of a still deeper crisis of the state and of law and order, which would make the country truly ungovernable.

When the experiment of the Popular Unity government in Chile under Salvador Allende came to its tragic conclusion in September 1973, the PCI Secretary General, Enrico Berlinguer, declared the need for a long-term agreement, a broad-based form of "historic compromise" among democratic forces—Catholic, Socialist and Communist—to carry out the task of transforming Italian society without dangerous, possibly fatal, cracks in the tissue of civil liberties. These views have been discussed at length: both Christian Democrats and Socialists have rejected them. But it has been recognized that, for some years to come, such collaboration is absolutely necessary; in view of the complexity of the problems of reshaping the country's structures, Italy cannot afford the luxury of keeping either Christian Democrats or Communists in the opposition.

After the 1976 elections we had, first, a one-party Christian Democratic government that survived only because of the PCI and other parties' abstention. Then we moved on to a Six-Party Agreement (which included the Communist Party) with a short-

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term crisis program. Now we have yet another Christian Democratic minority government supported in Parliament by a five-party majority (again including the Communists). In our opinion the change in the form of government should have been more drastic and clear-cut: there should have been a coalition government composed of all the parties that at this moment support the government. The changes were too limited, and were effected by such tortuous methods that they lost much of the political impact they might have had.

All the same, a considerable joint effort is under way. We are trying to put our house in order and to create the basic conditions for a new expansion of national activity. The level of conscious democratic participation among the working classes and the people of Italy is very high, and this gives us confidence for the future and a firm base from which to fight terrorism and attacks on democratic institutions. But we must succeed in making these institutions function effectively, if we are to solve the most serious economic and civic problems of our country.

III

The effort we are now making to move from the old centralized state to a largely decentralized democratic state is vital. I refer to the current work of transferring administrative functions from the state to the regions. We have in Italy five "Special Statute Regions," which include Sicily and Sardinia; and we have 15 "Ordinary Regions" that were not set up till 1970 when, for the first time, Regional Assemblies were elected (and re-elected in 1975). Only recently have the administrative functions (as distinct from the legislative powers) of these Ordinary Regions been defined. Thus, the structure of the Italian state is being completely changed. Yet there are many difficulties to be overcome—on the one hand, opposition in certain political quarters (especially among the Christian Democrats) and in the central bureaucracy, which do not want to see the powers of government and of the central bureaucratic machine redesigned; on the other hand, the risk that the regions will not be able to cope with their new tasks quickly and effectively, that they too will become bureaucratic structures, slow and inefficient. All democratic parties must loyally work together to combat this resistance and these risks.

As regards economic and social questions, in the year between the autumn of 1976 and 1977, the fall of the lira was blocked, the rate of inflation slowed down, the balance-of-payments deficit changed to a surplus. But the danger of continued stagnation—

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behind the constantly shorter cycles of recovery and depression—remains very serious. Persistent low growth rates would exacerbate the problems of the south and of massive unemployment.

The basic objectives of a medium-term economic program must therefore be development in the south and increased employment. All the democratic parties, trade unions and employers' associations agree on this. They also agree that the ratio of investment to gross national product must rise and that the national growth rate (less than two percent in 1977) must be improved. But on some important aspects of the economic policy that must go forward in order to realize these goals, there still is a discussion going on between parties and with social organizations. Let me, however, explain the Communist Party's positions in our search for a common policy.

The first major point is our refusal to accept inflationary solutions, or a short-lived, overstimulated expansion. We must arrest the decline in output of the last few months, fight the trend toward recession and the risk of stagnation, aim for a higher growth rate, but all this without for one moment ceasing to fight inflation and while pursuing a sensible monetary policy such as that adopted by the Bank of Italy during the last 18 months—and keeping the lira exchange rate steady. We must succeed in getting inflation down to 12 percent in 1978 and then to under ten percent, and not let it climb back to 20 percent or more.

A second important point is our rejection of all protectionist temptations. The Italian economy largely depends on the import of raw materials and of sources of energy: it cannot do without this large volume of imports and counts on a considerable volume of exports for its development. A massive use of protectionist measures would be suicidal; nor could it be undertaken within the European Economic Community (EEC). It is a different matter to try to get EEC policies modified if they appear to grant a privileged position to other members (e.g., in the agricultural sector) or to get the EEC to react to dumping by countries outside the Community. While constantly seeking new forms of international economic cooperation, Italy's efforts—and, I wish to add, the efforts of the Italian labor movement—must be devoted to discouraging, not encouraging, the protectionist trends of other countries and the possibility of trade wars. The guideline for the Italian workers must be solidarity with developing and poorer countries, a determination to help in every possible way their prospects for economic development.

Italy's recurrent balance-of-payments difficulties reflect both

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serious mistakes in government policy (especially having allowed certain agricultural/food-producing sectors to run down very seriously) and the convulsions of international economic relations following the rise in oil prices, the rapid increase in economic power of certain industrial countries (especially Japan), and the emergence of new producers. These serious difficulties, which threaten to reappear every time we move from a phase of depression to one of recovery, must be met by (1) trying to replace some imports (for instance, agricultural foodstuffs) by national products at competitive prices, and (2) increasing the international competitive range of Italian industry and adjusting its structure to the changes in the world market.

If you exclude resorting to any form of either galloping inflation or protectionist policies, you can see how complex the problem is of finding an adequate solution to the needs of the south and of the million unemployed. The only possible road to take is that of a rational and rigorous use of our resources, which, in turn, implies a considerable degree of democratic control and planning. An outstanding feature of PCI thinking is just this emphasis on the need for such a change of policy.

It is impossible to improve our growth rate unless we eliminate waste in every sector and switch resources from consumption to investment. We must put the brake on nonessential, artificially stimulated consumption; we must try to satisfy specific needs (an example is urban transport) in social and not individual terms, and thus in more economical, more sober forms. This is the meaning of the policy of austerity that the Communist Party supports.

The work of eliminating waste is especially urgent in the area of public spending. Here an appreciable effort has already begun: there has been an attempt to determine the real size of the public sector deficit and to bring under control the rise in public spending and in social security services by reforms of local finance and health services, by making local utilities pay for themselves and by revising pension schemes. A reform of the state budget is on the docket: this would allow Parliament to check on the real situation of public finances at any moment; in the past, balances were subject to manipulation and discretionary measures by the executive.

The need to fight inflation and to devote a larger share of resources to investment also implies that the cost of labor must be contained. This should not be regarded as the only problem in Italian economic development, but it is a significant aspect of the effort needed to secure investments, to enlarge the productive base, to develop the south, and to increase employment. The trade

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unions have openly recognized this.

Wages have gone up sharply since 1969, even if they are, on average, lower than in other West European countries; and they are protected against inflation by built-in indexing. Social security contributions are a heavier element in the cost of labor than is true in other countries, in part owing to the excessive cost and wasteful methods of these social services. As a result, profit margins, and hence the amount available for self-financing, have been severely squeezed. Though high profits are by no means a sufficient condition for investment, too high a degree of leverage has been an obstacle to investment activity.

But the policy of austerity, says the Italian Communist Party, must be based on criteria of social justice. If fresh development in the south and new jobs for unemployed youth require sacrifices by all social classes (except the lowest income brackets), by all those now employed and by all persons having an adequate basic income, these sacrifices must be distributed fairly and enforced in just measure on the wealthier classes. Positions of unjustified privilege and based on unearned income must be contested by a rigorous campaign to check fiscal evasion. The reorganization of our tax-collecting system—already begun—must be speeded up. And even among both blue-collar and white-collar salaried employees, injustices and absurd inequalities—what has been called the "incomes jungle," covering wages, pensions, termination bonuses—must be ironed out. Finally, the widespread practice of "black labor" (regular but unofficial work carried out under conditions of flagrant violation of fiscal, social security and other legislative controls) and the practice, closely related, of having two jobs ("moonlighting") must be gradually brought under control.

The mere increase in resources available for investment does not, however, guarantee that investments will actually be made or that they will be directed to those sectors or regions that should have priority in the national interest, to ensure balanced growth, with progress especially in the south. We must relaunch the process of accumulation of capital, at industry and at national levels: there is not a shadow of doubt about this, and the workers' movement must make its contribution. The workers cannot pretend to be indifferent to the financial crisis of their industries, to the relations of costs to profits, and to productivity; they must think through their own autonomous proposals on ways and means of overcoming the crisis. Business and industry must be able to restructure and reconvert, so as to regain a dynamic, productive and profitable position. To this end a greater mobility

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of labor is essential, both within industry or between one business and another. Workers and their organizations must be given adequate guarantees, but they cannot defend the "status quo" in industries running at a loss but which might be put on their feet again through drastic reorganization. All this is indispensable for new economic expansion in Italy—but it is not enough.

IV

In the years when profit margins and self-financing prevailed in industry, when there were larger resources available for investment and considerable state aid for private investment, did not the spontaneous choices of industry, especially of large-scale industry, still leave the problems of the south and of full employment unresolved? Did not those spontaneous choices actually destroy resources and seriously weaken Italy's balance of payments? Was it not true that in the south priority was given to capital-intensive operations, while agriculture and food-producing industries were seriously neglected? That there was a continuous diversion of capital into speculative and luxury building, to the point that today large cities, such as Rome, have thousands of empty apartments that cannot be sold or rented? That the productive capacity of the petrochemical and synthetic fiber industries was expanded beyond all reasonable marketing estimates? And we could go on adding to this list of industrial mismanagement.

In order to avoid a repetition of such phenomena, to guarantee, insofar as possible, an allocation of resources and investments that corresponds to the national interest and the needs of productive reorganization, we must have an incisive programming policy. This must not be a return to the vague overall experimental planning of the Left-Center period of Italian government, but concrete intervention in selected directions—a program spread out over several years of public spending, state assistance for plans in specific sectors of industry and agriculture, etc.—and bargaining among major industries and trade unions to ensure activity consonant with the national interest.

We do not believe that the public sector of the economy should be expanded: it is already sufficiently large in Italy to enable the state to influence the course of investment and development in the whole country (by direct control of part of the productive and financial apparatus, as well as by fiscal policy, incentives, etc.). We are convinced that a party of Marxist formation in a country like Italy should not aim at total state ownership of the means of production. This should not be considered a necessary condition

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for achieving socialist ends and values in an industrialized, Western-style economy. The role of private initiative, and even large-scale private industry, the function of profit and the market economy, cannot and should not be denied. The characteristic feature of our Party's program today lies in its refusal to abandon economic development to spontaneous activity, in its insistence on democratic control of the use of the "surplus," and in the guidance given by democratic public powers to social and economic transformation, thus ensuring continuity and a new quality of development, not merely a steadier overall growth.

We are not impressed by the fact that our economic proposals are from time to time accused of being "Keynesian" or that they smack of orthodox monetary theory. Frankly, we think our views go far beyond a mere policy of support for effective demand or monetary stabilization, far beyond the short-term economic management prospect. However, I wish to make things quite clear: we do not believe that you can dig detailed economic programs out of Karl Marx. Marx provided us with an analysis of the functioning of the capitalist system and its contradictions, and described its future crisis and the historical necessity to supersede it. A large workers' party of Marxist formation, such as the PCI, must today make a concrete contribution to the task of overcoming those contradictions that have led to our current social and economic crisis—not identifying with this or that academic trend but drawing from all the resources that modern economic science can offer as well as from the experience of public policies in Western industrialized countries. Moreover, we must always bear in mind our objective—that it shall not be the masses alone that pay the price for this crisis; but, on the contrary, that they should be able to see the road opening toward real progress for all workers and for the nation. And in this way—not by waiting for the "collapse" of capitalism—the workers' movement can demonstrate its capacity for governing and can thus transform society.

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Fritz Stern

BETWEEN REPRESSION AND REFORM: A STRANGER'S IMPRESSIONS OF ARGENTINA AND BRAZIL

Latin America is the forgotten part of the world. For all its potential wealth and present predicaments, it attracts neither the world's attention nor its imagination. The world sees a subcontinent with two unattractive poles, Cuba and Chile. It sees a mounting record of repression, of political incompetence and military assertiveness. Unlike Asia, the Middle East or Africa, it is for the moment an area of insulated trouble; the great powers are not actively seeking to upset the present balance. The world is content to have it remain in relative oblivion.

For a very long time, the world's ignorance was mine, too. My professional interests were focused on Europe and the North Atlantic—until my present interest in Europe's lingering or reviving influence abroad gave me a chance to break out of an unfortunate parochialism. In the summer of 1977, for the first time, I visited Argentina, Brazil and Colombia. I set out with the hope that this voyage to new lands, which would once again encompass interviews with wielders and victims of authority, with men and women in public life, business, academe, and the arts, would teach me something about these countries and their relations to the outside world.[1] Reality exceeded expectation; I found the three countries not only intrinsically absorbing, but their distress and their prospects suggested general questions about the nature of contemporary politics. Latin America, for so long the object of intellectual condescension rather than of comprehension, could perhaps be seen as a challenge to our prejudices and habitual categories. It is itself full of talent in the realms of political analysis

[1] The trip to Latin America was a continuation of earlier travels, discussed in my essay, "The Giant from Afar: Visions of Europe from Algiers to Tokyo," *Foreign Affairs*, October 1977, pp. 111–35. On both trips, as well as on recent visits to Europe, I have done much interviewing, a new and rewarding procedure for me. These travels are part of a larger inquiry: the writing of a book on contemporary Europe, with particular emphasis on Europe's destiny abroad. I am grateful to the Ford Foundation for supporting this study and for having provided me with all manner of indispensable assistance during the trip here discussed.

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and cultural criticism; perhaps there is some inverse relationship between practical political competence and theoretical acumen. In Weimar Germany, social and political theory flourished even as the polity disintegrated.

I would contend that the present condition of Latin America has much to teach us about the contemporary world, that our political vocabulary, largely European in origin, may not be adequate to present reality, despite the fact that Europe, where the noblest dreams and the vilest deeds have marked political reality, has great relevance to Latin America today. The crosscurrents of influence remain striking: no one can understand the Italian Communists today without grasping their Chilean "trauma," their reluctance, based on the Allende experience, to come to power supported by a mere numerical plurality, with important elements of society arrayed against them; nor can one understand the present hopes of Brazilians and even Argentinians for a transition to a less authoritarian regime without keeping in mind that the recent Spanish and Portuguese transitions to democracy have a special appeal to Latin Americans. In the last decade and a half, democracy in Latin America has all but disappeared; if the trend toward authoritarianism were to be reversed, this would have a considerable effect on other authoritarian, developing countries.

I came to Argentina and Brazil, then, with ignorance and foreboding. I had heard the stories of repression, guerrilla warfare, torture—and expected a somber atmosphere. Reality was different, at once more frightening and more inspiriting. What follows are impressions, echoes of many conversations, a preliminary record of themes that I would like to pursue further.

II

Buenos Aires is a European city, elegant, depressed, melancholy, somehow reminiscent of Europe in the 1930s. Like so many European cities of that decade, Buenos Aires has a deceptive air of normality. The Argentinians are proud of their Europeanness; many boasted that they are the most European (by descent and adaptation) of all the Americans; some even thought they were more European than the Europeans. Their political life rivals in disaster what some of the European countries have suffered: the joys and ravages of Peronism (itself embodying, with a special flair, the European blend of authoritarianism *cum* politics as pageantry), civil war, runaway inflation, military repression.

But the European connection has another and disquieting ring as well. Argentinians often refer to their experience with urban

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terrorism and its suppression as the form that the Third World War has taken. For some Argentinians it is perhaps a tempting, self-serving appellation: it underscores the intensity of the conflict, it enhances its significance, excuses its violence—and warns others that it could happen anywhere. Indeed, many Argentinians have said to me that disaster first strikes in their country, but that the "Argentinization" of the world follows. The memory of that struggle remains vivid; the guerrillas, at first recruited from the extreme Right and Left, unleashed an ever more violent attack on society: holdups, abductions for ransom, murders of prominent leaders. The terrorists, I was told, tended to be the privileged children of privileged parents; they become the prototypes of the idealistic murderers of our time: intelligent, resourceful, utterly ruthless. Are other countries destined to suffer similar disaster?

The military regime that came to power in 1976 resolved to crush these guerrillas, and in this struggle resorted to every known stratagem of repression, most notably torture. As always, outrage bred outrage, and fear corroded self-restraint; the government's terror campaign was hideous—and effective. Most Argentinians and foreign observers believe that the war is over, that the government has annihilated its internal foes—and in the process intimidated the innocent as well.

But the government, I was told, is afraid of admitting victory for fear that it might have to dismantle its system of repression; worse, some of the military are worried that if they relax repression, the most zealous anti-terrorists among them might themselves be brought to trial, as the Greek colonels were at the end of their rule. Within the military, there was a radical right-wing element that had no patience with moderates in the government and that sought to find ever new enemies; having liquidated the terrorists, they would now want to strike against those who taught the terrorists. They were prepared to wage war against academics who, they argued, had turned universities into "breeding grounds" of terrorism.

This militant Right—within the army and with sympathizers outside—poses a considerable threat to the present regime. It embodies, as many Argentinians said to me, a kind of "secret army" OAS mentality; like the French army officers (and the fanatics who followed them) who opposed de Gaulle's Algerian policy, the Argentinian radical Right consists of desperate men, sniffing weakness, treason, "Reds" everywhere, and certain that only their toughness—which is another word for brutality—can secure survival. They see themselves as patriots, who can easily

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become killers with a sense of destiny, and this OAS ferocity may be far more characteristic of our time than Fascist survivals. They even have a French ideologue to inspire them: the ideas of Charles Maurras—whose Action Française combined royalism, authoritarianism and anti-Semitism—enjoy a certain vogue in Argentina today; the notorious right-wing, anti-liberal weekly *Cabildo* advertises works by and about Maurras. I doubt that Maurras has a similar posthumous following anywhere else.

Fear still stalks Buenos Aires, people still disappear, whether at the hands of the state or of right-wing extremists is not always clear. As I crossed the Plaza de Mayo on my way to the economics ministry, I saw a group of women being dispersed by heavily armed militiamen; the women regularly assemble on this square in front of the President's palace in order to press their demands for information about the whereabouts of relatives who have disappeared.

Some groups, of course, feel particularly endangered. An Argentine economist, trained abroad, mentioned that he was afraid of taking home in his briefcase a paper by a distinguished sociologist for fear of being stopped at random by the police who might then find this Argentine *samizdat* (which has subsequently been published abroad). He also talked of still waking up at night when cars stop in front of his house; the dreaded knock at the door still haunts him. The state of latent repression remains; people do not know whether or where another blow will strike.

The government virtually wiped out one professional group: psychoanalysts, some of whom were alleged to have had close ties to the guerrillas, many of whom were Jews, many of whom were resented by specialists in related but nonanalytic fields. (Some analysts may have had a certain sympathy for the guerrillas, they may have sensed or known about the psychic suffering that may have influenced some of the guerrillas, and they certainly would have been bound by prudence and at times by the professional ethic of protecting privileged information to withhold information from the authorities.) Many fled into exile, and others wondered whether they should do likewise so long as the frontiers were open.

The dilemma of the defenseless: how to choose between the risk of staying at what had once been home and the uncertainty of exile. This has been the universal experience of our century, new and poignant to each victim, and almost unimaginable to those shielded by basic freedoms. In Argentina, it would seem, most people have yielded to the natural inclination to hope that the

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worst is over and that their decision not to uproot themselves, not to leave their families and livelihoods, would prove justified. A Jewish businessman-economist seemed shaken when I read him a sentence from Bertolt Brecht's "Refugee Conversations": "Working out whether to get out today or whether you have still got until tomorrow requires the sort of intelligence with which you could have created an immortal masterpiece a few decades ago."

On the northern approaches to Buenos Aires is the magnificent structure of the Faculty of Law and Social Sciences. An imposing, classical facade, with all the signs of normality: students coming and going, classes held, professors lecturing. But the normality is deceptive. The universities and the social science faculties, in particular, have been purged of their best members, and the rest survive on sufferance. As a consequence, the life of the universities has been reduced to mindless mediocrity; the open university is spiritually empty and intellectually closed.

As I passed this building day after day and heard the undisputed reports of the true state of academic life, I came to wonder how many universities in the world shared a similar fate. By being open and quiet, without the violent disruptions of the 1960s, the universities are not in the news any more. Governments can train the political and cultural illiterates of the future without attracting much notice. Even in Western Europe and North America, in the countries where universities traditionally flourished, they are now regarded with benign neglect; after years of affluence and esteem, they are now allowed to flounder in distress. In developing countries, universities are considered important training grounds for future technicians, but in many countries, perhaps in most, they are also feared as incubators of subversive ideas. How many of the millions of university students in the world today—and their number everywhere, including in Latin America, has increased dramatically in the last two decades—are receiving what we would call a genuine education, which presumably would include access to presently unpopular ideas? How many are trained in the elementary skills of a critical interpretation? In the hard sciences, the answer may be heartening; in the other realms, we are probably talking of a tiny minority, and one that is quite oblivious to the privilege and responsibility that are inherent in its minority or elite status.

But Argentina also bears witness to the fact that the human spirit is hard to stifle altogether, at least in non-totalitarian societies. The talent that has been banished from the universities has found refuge in private institutes, often housed in dilapidated

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apartments, where academics carry on their work in musty cubicles. It is scholarship on a shoestring, often supported by small but indispensable subventions from various foundations in the United States and Europe. These are the unsung heroes of scholarship. The charter of the Argentina-based umbrella group for the social sciences in Latin America, CLACSO, defines its aim as finding "an intellectual space, autonomous and free" despite the prevailing conditions under which "centers were closed down, colleagues imprisoned, tortured and killed because of their political ideas."[2]

These research institutes, often attacked in the press and always suspected by the Right, remain relatively unharassed; their work is allowed to be published in Mexico or Venezuela. It is a precarious but not an unproductive existence, and the garrets may prove as creative a scholarly abode as the well-appointed offices of grant-ridden professors. One is reminded of Albert Camus' remark:

> But if the writers did not do a great deal for the Resistance. . . . The Resistance did a great deal for them: it taught them the price of words. . . . To risk one's life, however little that might be, in order to print an article, that is to learn the true weight of words. . . . The writer, suddenly discovering that words are charged, will be led to use them with discretion: Danger turns us to the classical virtues.[3]

I left Argentina feeling that there could not be many countries in the world where natural beauty and human failing were so closely matched. Argentine politics must be a test case of cumulative disaster, and even the harassed leaders of the once-free parties seem to have learned little. Many Argentinians assured me that if it had not been for the political extravagances of the last 40 years, their country would have fulfilled its destiny of becoming a country as stable as Australia and richer. But amidst all the bleakness, there seemed some hope for a transition to a milder regime.

Argentina today remains a dictatorship—though not a Fascist one. Some of the chief characteristics of Fascism are absent, notably the one party or movement that embodies and administers a universally binding doctrine. Argentina's dictatorship is essentially negative; it does not seek to dominate every sphere of life and society. It does not aim at mass mobilization. It is run by the military, who are divided among themselves and some of whom would want to retire from the divisive task of governing. The costs of their rule have been heavy, but they have achievements to their credit as well. With the help of civilian technocrats, the present

[2] Carta de CLACSO, no. 3, Buenos Aires: Consejo Latino-americano de Ciencias Sociales, December 1976.

[3] Albert Camus, "Preface," to Konrad F. Bieber, *L'Allemagne vue par les écrivains de la Résistance française*, Geneva: Droz, 1954, p. 5.

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regime has transformed economic conditions; few men in Argentina are held in as high esteem as Jose Martinez de Hoz, Minister of the Economy, who, within months of accession to office, reduced Argentine inflation from the awesome annual figure of some 700 percent to a mere 120 percent. Foreign reserves have been built up again, foreign capital has been attracted and while the lower classes have, on the whole, been excluded from their share of this new prosperity, the economic prospects for the country at large appear more promising than they have for some time. The economic feats of military-technocratic regimes in Latin America may, in fact, constitute a new and important element in this type of rule.

Argentinians today watch Europe and especially Iberia with considerable interest, even fascination. The pervasive influence of the United States, which came to be established in the aftermath of the Second World War, appears to be weakening; the earlier European connection is reasserting itself. Meanwhile the anti-*Yanqui* sentiment seems varied and widespread. There has always been a cultural snobbery against the money-grubbing giant in the north. Now a general antipathy exists as a kind of substratum; on the Left there is the added sense that the CIA masterminded Argentine counterinsurgency, that the official terror had been learned at the hands of North Americans. Most people assume as a matter of course that there was *some* U.S. involvement; the exact nature or degree remains obscure.

Among conservatives and right-wingers, there is a strong suspicion of American concern with human rights; I heard prominent Argentinians argue that the American Establishment (as exemplified, they said, by the Council on Foreign Relations!) is far more sympathetic to the terrorists and guerrillas than to the forces of the state. We are charged with hypocrisy as well: we vilify Chile and pass in relative silence over mass murder in Cambodia. Conservative Argentinians tend to think us naïve, soft on communists, indulgent of guerrillas; there is resentment of our position on human rights. Some people see it as moral posturing—and still it rankles. The effectiveness of our oft-proclaimed concern is hard to measure; it is a complicated and controversial question. In Argentina and Brazil, dictators and their supporters may sneer at our solicitude, but they have to reckon with it and with its resonance in their own countries. My impression is that it has occasional, perhaps marginal, effect, and that by addressing certain fundamental issues, as I suggest below, it could become even stronger.

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The Argentine dictatorship faces pockets of opposition from within. The Church, it would appear, is far from indifferent to the violations of human rights. It serves as an occasional shield for those outside as well: prominent lay Catholics told me—and individual Jews confirmed it—that the Jewish community of some 400,000 people, which feels a collective sense of beleaguerment, turns first of all to the hierarchy when a specific threat to Jewish rights appears. If this tacit relationship does in fact exist, it suggests a very different outlook from the one that prevailed in Europe a generation ago. There is an anti-Semitic current in Argentina today, strengthened or justified by the widespread belief that Jews had been disproportionately represented among the guerrillas. (Some Argentinian patriots regret this mood, for the quaint reason that they think that Jews control the press and politics in Europe and the United States and that any stirring of anti-Semitism leads to anti-Argentinian recriminations in the world's press.)

Many Argentinians I spoke to expressed some measure of hope; they thought that the nightmarish spiral of escalating violence may be close to its end, that the present regime was genuine in looking for successors that would guard public order in a less repressive atmosphere. Or are these hopes illusions—which so often have distorted Argentine reality?

III

To go from Buenos Aires to São Paulo is to go from faded splendor to dynamic ugliness. São Paulo is modernity run amok, a city without easily discernible beauty or amenities. Its citizens, however, are proud of the bustle and energy; they see their city as the economic and intellectual center of one of the great countries of the world. It contains the contrasts of contemporary Brazil: privilege and poverty, radicalism, reformism and repression.

Rio de Janeiro, by contrast, has new wealth and old culture; it has conservative chic and a slower pace than the metropolis to the south. Within the first few hours of my arrival, I was invited to the Brazilian Academy—founded 80 years ago as a faithful replica of the Académie Française, the same number of "immortals," the same uniforms, the same mystique, if not quite the same eminence. The bookstores are full of present-day European works, the Concorde is one visible link between Europe and Rio, the mounting economic presence of Europe is another, as is the special nuclear agreement between Germany and Brazil. The estrangement between the United States and Brazil may push the latter

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into cultivating still closer ties with Europe.

I found a kind of buoyancy and expectancy in Brazil, related to but not entirely explicable by Brazil's economic "miracle" of 1968–73 or by its prospective leap to economic greatness. There was an immediate expectancy as well: the political system was thought to be in a process of change, and politics was the dominant topic. Brazilians are proud that their country had a less searing political experience than their southern neighbors; but the political shifts have been dramatic enough. In the early 1960s, reformist or populist regimes turned radical, and observers began to ponder a communist danger.[4] Upper-class Brazilians remember those days; several businessmen, some of them veterans of earlier disasters in Europe, told me that they had sent their families abroad and that their own bags were packed—all in anticipation of a communist coup. (The foreign head of the largest multinational plant in Brazil told me that if the Left had seized power, a commissar would now sit in his office and he himself would have been shot.) Instead, the military seized power in 1964. Brazilians now recollect their past panic in the tranquillity of the present; they remember their narrow escape, they may even exaggerate it; their attitudes are shaped by it.

To the upper classes, the military appeared as saviors. They restored order—by initially subverting it. Basic rights were suspended, as was political life itself. Years of turmoil and repression followed; here, too, guerrillas waged a desperate struggle, involving bank robberies, abductions, killings, and the regime unleashed the full instrumentality of counterinsurgency, including torture, against the left-wing guerrillas. In the end the state prevailed. The military, aided by civilian technocrats, reversed an earlier and bankrupt economic policy, and ushered in a new period of extraordinary economic expansion, of increased foreign investment, of far greater scope for state enterprises. Benefits of economic growth were once again unevenly distributed. The minimum wage lagged behind inflation, labor unions have been deprived of the right to strike; still, the new regime hoped that public works now would benefit the populace at large later.

[4] As one example, take Celso Furtado's remarks of 15 years ago: "The necessary conclusion that we must draw is that Brazilian society is rigid, at least in that a large sector is composed of agricultural laborers. As regards this sector, we have to accept the fact that the Marxist-Leninist revolutionary techniques are effective. . . . To the extent that we live in a rigid society, those objectives [the fulfillment of higher social aims] will tend to be attained by cataclysmic disruption. . . . We have come to live in what may properly be termed a pre-revolutionary period, in which drastic change is a political necessity." "Brazil: What Kind of Revolution?," *Foreign Affairs*, April 1963, pp. 533–34.

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Whatever the social cost and the unequal postponement of gratification, Brazil's economy has performed well—before 1973, even spectacularly well—under the present regime.

In the political realm in the last two years or so there have been significant modifications. Most of the people I talked with anticipated accelerated change and—barring left-wing radicals and ultra-reactionaries—welcomed the prospect. The talk was of "transition," and many people hoped that it would somehow resemble the course that liberated Spain and Portugal from their authoritarian regimes. There are tangible signs of relaxation or liberalization: the present regime—which remains a dictatorship, more or less veiled—has lifted press censorship for most papers. What has persisted is lingering self-censorship. (Television is still strictly censored, giving us some idea of the relative importance that the government attaches to the two media.) More important, perhaps, is the general belief that since April of last year torture is no longer practiced, and it would seem as if that particular horror, the cruelest form of intimidation, has been lifted from the country. The most prominent defender of the rights of prisoners, a lawyer in Rio, confirmed this abolition—or is it merely the suspension?—of torture. There are signs, in short, that the regime is seeking to abandon or modify some of its most repressive aspects.

But there is an anticipated change beyond that: the widespread sense that the military themselves are thinking of retiring from the irksome task of governing the country. The motives for this prospective withdrawal to the barracks are practical; they hardly bespeak some kind of conversion to the superiority of civilian or constitutional rule. But the military, or so I was repeatedly told, realize that 14 years of rule has brought with it the threat of division within the army itself, division over policy and preferment. More, the military are afraid that they are being used up, that their cherished role as the ultimate protector of the state and nation might be compromised by this long rule, which necessarily arouses dissatisfactions and resentment. Or, as a retired American general, now in Rio and a close associate of the military leaders of Brazil, explained to me: during the Vietnam War, he chose to travel in mufti on a bus from his home in Virginia to the Pentagon and would put his uniform on when he arrived at the Pentagon in order to avoid any slurs on the uniform that might have provoked public incidents. In Brazil, he explained, the army uniform was still held in considerable awe, at least in public, and the military wanted to preserve its prestige by yielding its formal powers.

The military seem to be divided on various issues: between hard-

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liners and moderates; between those who see a universal communist conspiracy and those who recognize that the seeds of revolt are in Brazilian society itself: between those who are prepared for a more venturesome opening to social classes now banished from participation and those who would fear any such initiative as a leap into chaos. On two issues the army is probably united: as in Argentina, the torturers do not want to be held responsible for past deeds, for "excesses," as institutionalized inhumanity is sometimes called. More important, the army does not want to withdraw to the barracks and face the necessity of returning to power because of some renewed threat of populist extremism or social disorder.

The very fact that the military are weighing withdrawal and a return to civilian rule is of great significance. Presumably the army is conducting a debate on the political organization of the country—in secret; nothing like *The Federalist* will emerge from these deliberations, but outsiders could well duplicate these discussions and conceivably have some impact on them.

In the immediate postwar period, there was a hope in the United States and elsewhere that the countries of the world, upon having reached a certain level of maturity, both political and economic, would choose a democratic polity. That was the presumption, and seen from that perspective, President Carter's insistence not on democracy, but on the universality of human rights may be regarded as a kind of realistic retreat from an earlier hope.

This is not the place for a discussion of the social or economic prerequisites for a democratic polity, nor of the more specific problem of the putative relationship between the particular stage of Brazilian economic development and the recent turn to authoritarianism.[5] One point perhaps deserves to be made: it is, I think, self-evident that human rights, particularly those pertaining to dissent, are best protected in liberal democracies. But is there a way in which those rights can be assured in a polity that is not a full-fledged democracy, in which, for example, legislative powers may remain restricted?

Perhaps we need to recall that in pre-democratic societies citizens successfully sought protection against the tyrannical abuse of state

[5] On this, see Albert O. Hirschman's wise comments in a forthcoming article, "The Turn to Authoritarianism in Latin America and the Search for its Economic Determinants," in David Collier, ed., *The New Authoritarianism in Latin America*, an essay he was kind enough to show me; see also his *A Bias for Hope, Essays on Development and Latin America*, New Haven: Yale University Press, 1971, esp. Introduction and Part III.

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power and against the violation of their rights. In England in the seventeenth century, in much of Western Europe in the eighteenth, and in Germany in the nineteenth, certain minimum safeguards for individual rights were anchored in law and custom; in the nineteenth century the Germans called this government of laws a *Rechtsstaat*, and it is perhaps worth remembering that the rights of citizens were more firmly protected in imperial Germany—hardly a democratic country—than in contemporary Latin America.

Can we, then, envision a society that would preserve these essential rights without at the same time demanding of authoritarian rulers and their clients that they simultaneously adopt what they regard as the dangerously unstable practices of democracy? Is there a halfway house to democracy, a stage perhaps not dissimilar to the liberal-constitutional phase in Western Europe in the first half of the nineteenth century? If governments that in the past practiced repression would bind themselves to the rule of law, would accept the independence of the judiciary, would respect the rights of citizens freely to express their views and to assemble—and if these rights were enshrined in an enforceable constitution, buttressed, as I have said, by independent courts—would the lot of men not already be appreciably better? There would still be inequality, intimidation and, in some countries, desperate economic injustice. Such a system would be what the French call a *pis aller*, the least bad that a bad situation would allow. In certain types of society, the insistence on instantaneous democracy as against the demands for institutional safeguards of human and political rights may be an instance of Voltaire's saying: "The best is the enemy of the good." And a country without torture, without the threat of disappearance at the pleasure of the rulers, is a country with some hope. Ask any prisoner whether the abolition of torture or of arbitrary arrest is a negligible improvement, a mere "formal right."

The rule of law should be the necessary but not sufficient condition for reform; a far greater participation of all strata of society would have to be the necessary accompaniment. But the military rulers and their supporters would have to be persuaded that these two elements are not incompatible with their desire for stability and that they are demands that constitute the price of legitimization. Parenthetically one might add that U.S. concern for human rights should focus on these institutional safeguards and not only deal explicitly with individual cases of persecution or implicitly with the desirability of democracy.

The prospects for such a mixed regime are not good. How

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strong is the demand for it? The leading defender of human rights in Brazil told me that improvement had taken place, but he lamented that the battle was a lonely one; teachers and students supported it, as did journalists and the Church; for the rest there was indifference.

My conversations confirmed this indifference, and, given my predilections, I found it the most disheartening aspect I encountered in the Brazilian scene. I was repeatedly told, and I came to believe, that among the military there may be a greater awareness of the need for reform and a greater willingness for experimentation than among the prosperous civilians. The latter are not only conservative in the economic realm; in many ways, the present regime has favored them at the expense of the lower classes. They feel safe under the present regime, which they are willing to condone by endless appeals to anti-communism, but they are probably also relieved that the repression that marked the regime did not stain their fine hands, that others do the dirty work for them. Excuses for the status quo are plentiful: you must fight fire with fire, lower the dam in any way and the great popular wave will sweep us up, the alternative to the present regime is chaos or communism. Some businessmen are impatient with any criticism of the existing regime: Brazil, they argue, is not ready for anything else.

This indifference to what once were considered bourgeois ideals of freedom is accompanied by social attitudes that it would be hard to find duplicated in postwar Europe or the United States. Obviously the gap between the rich, cosmopolitan, often highly cultured upper crust and the mass of the population is immense; the imagination of the rich does not reach to the poor. Their paternalism leavened by a vague apprehension is something that we know pervaded Europe before 1914, perhaps before 1945; since then, a different atmosphere has taken hold of Europe, and these sentiments, and certainly their articulation, have become rare, discreet, or extinct. One no longer thinks of the lower classes as having few, primitive needs, of the poor as enjoying their poverty, of the social order as a divine given. But in Brazil I found these attitudes still prevalent, still untroubled—in the raw, so to speak. If anyone wants to know what callous capitalism can sound like, a visit to the elegant boardrooms of rich Brazilians would prove revealing. What a job there is to be done of educating these happy anachronisms, if not to the moral ambiguities of their position then to the shortsightedness of their aloofness!

Brazilian radicals are—not unexpectedly—equally indifferent to

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political reforms or human rights. Callous capitalism on the Right is matched by a certain uncompromising doctrinairism on the Left. (The lessons of contemporary politics in Latin America, especially the lessons of Chile, have been assimilated by European radicals much more than by Latin American radicals, whose absolutist views have been strengthened by repression.) To radicals—many of whom have suffered greatly under the present regime— the world appears in Manichaean or Marxist simplicity: there is their cause, which is progressive or revolutionary, and then there are the enemies, the CIA, the multinationals, the Church, the army—in short, the Fascists. Extreme radicals want a *politique du pire;* the more naked the dictatorship, the better. Would-be reformers, including, according to some, even the Eurocommunists, are regarded as dangerous variations on ineffectual German Social Democrats. Brazilian politics seem more ideological than U.S. politics, hence the analogies almost always seem to come from the richer chamber of horrors that was European politics.[6]

The parallels between Left and Right go further: both sides value political freedom less because they value economic gains more. On the Right there is the old assumption that economic growth requires stunted rights; one hears distant echoes of earlier excuses for Mussolini who made the trains run on time. The present Brazilian regime has done far more than that. On the Left, this indifference is a pernicious variation of a now quite prevalent cliché to the effect that liberty and equality are not complementary, but somehow contradictory elements. Put differently, the claims of equality are accorded a higher importance than the political claims and there is a certain tolerance of political repression provided the aims of the regime are "progressive," egalitarian, dedicated to meeting human needs.

Here, too, the assumption lurks behind certain arguments that repression furthers economic achievement—and here, too, one hears shades of earlier aberrations: after all, the horrors of Stalinism could be condoned because "you can't make omelets without breaking eggs." Consider as but one example, Rev. William Sloane Coffin's confused view:

[6] It was a Brazilian journalist-historian who first suggested one particular analogy to me: in interviewing me about my recent book on Bismarck, he said Brazilians were very interested in him, and certain parallels occurred to me: Bismarck's revolution from above, his authoritarianism, corrupted a weak bourgeoisie's liberalism by providing it with great economic opportunities, with *gloire*, with the repression of socialism. On the other hand, Bismarck introduced welfare reforms for the workers, and his regime was far more respectful of political and human rights than is the present regime in Brazil. Finally, it should be said that the Bismarck regime was far from stable and that its contribution to German history remains a highly controversial subject.

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> Unless social justice is established in a country, civil liberties, which always concern intellectuals more than does social justice, look like luxuries. The point is that the three ideals of the French revolution—liberty, equality, fraternity, cannot be separated. We have to deal with equality first.[7]

The indivisibility of the French trinity is an important reminder, but seems to be negated by the programmatic assertion that equality comes first. To think that liberties can be looked upon as luxuries is a revealing error. What are the connections between economic growth, social equality and political liberty? Are the lower classes really indifferent to freedom? Does it help a starving peasant to know that neither he nor his champion—whoever that might be—can agitate for improvement or progress without risk of punishment? Was that the meaning of the Indian election of 1977? To assume a dissociation between equality and liberty, welfare and human rights, may be preemptive surrender and even an act of unwitting arrogance. The poor have desperate needs, but are we so certain that these needs can be met better by a repressive rather than a tolerant regime? Is servility or subservience the road to modernity?

The desire to have one's dignity or rights respected does not require a high level of literacy or economic standing: it is immediate and untutored. For vastly different reasons, the Left and the Right might condone the prospect of economic progress brought about by a mute labor force. The former may see it as a sacrifice to eventual equality, the latter as a means to instant profit; the immediate effects are not significantly different.

The military rulers of Brazil and their technocratic-bureaucratic allies are pondering a possible transition to civilian rule; an admirable group of liberal-radical reformers and intellectuals have similar concerns and hope to devise a system in which economic progress, social redistribution and political rights would coexist in a relatively stable mix. Both sides must contend with Brazilian *incivisme*, with obstacles and deficiencies that daunt the imagination. The civilian groups, including the former political elite of Brazil, are far from blameless; the military are far from the mindless monolith that they are sometimes depicted as. In fact, they have shown a competence and a degree of political realism that have impressed some of their civilian critics. Perhaps transition will remain a chimera; perhaps the military will discover that it was easier to seize than to relinquish power. General Geisel has

[7] Quoted in Report of the Committee on Freedom of Expression at Yale, Yale University, January 8, 1975, p. 39.

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made it clear that the government is not about to surrender its extra-constitutional powers. Progress remains partial and uncertain, but a presumption for change exists, and this in itself provides encouragement to those Brazilians—lawyers, teachers, students, part of the clergy—who want change.

Official relations between Brazil and the United States are strained, and it is unlikely that swift presidential stopovers can cure fundamental disagreements. Our pronouncements on human rights are unwelcome in many quarters, with the conservatives thinking us naïve and the Left assuming we are hypocritical. Brazilians also resent our opposition to their unprecedented agreement with Germany on nuclear supplies. Indeed, Brazil may come to rely more and more on West Germany and other European countries to supply it with advanced technology—and thus diminish U.S. domination. To some extent, the Europeans are already replacing us in investments, trade and arms delivery.

The role of our private agencies and foundations, however, impressed me as being of major importance. With minimal resources, we can help Brazilians take advantage of whatever opening in society exists; we can help to defray the expenses of studies and inquiries concerning human needs and rights that without such aid would probably not get done.

IV

My final stop was Colombia, but it was too short a stop to afford more than cursory impressions. I had chosen Colombia as one of the last remaining democracies in Latin America, hence a likely contrast to Argentina and Brazil. I found welcome differences between Colombia and the other states, but I was also struck by certain similarities in social milieu and attitudes.

Most Colombians I talked with alluded to the fact that their country remains a democracy—with a free press, with a free if ill-functioning parliament, elected by less than 50 percent of the electorate. The universities, I was told, were in a lamentable state: often closed, either by government or student action, they were not attractive abodes for scholars even when open. Some complained that primary and secondary education was, to a large extent, in Marxist hands, but I had no way of confirming this.

Put perhaps too starkly, one could say that Argentina and Brazil are dictatorships in hopes of reform, while Colombia is a democracy in danger of deterioration. Democratic institutions survive, but social conditions, apparent even to the stranger, seem hardly hospitable to a liberal democracy.

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It may be a slight exaggeration to say that Bogotá resembles an armed camp, but that vision kept intruding. The fashionable suburbs, where the highly cultivated elite lives, were full of carefully barricaded windows, while guards with dogs patrolled the streets. At the limits of the swollen city are huddled together the hovels of the desperately poor, recently arrived migrants from the countryside: mostly jobless, mostly frantic, partly exploited and largely feared by the prosperous in the city. It is a grim scene of the poor beleaguering the rich; no doubt, the same reality exists elsewhere, but in Bogotá it seemed particularly vivid, hence hard to banish from the mind's eye.

I found extraordinary refinement in Colombia—and a certain rawness. As in the other two countries, the class conflict seemed raw, the fears were raw, capitalism was raw, and many Colombians were troubled that it should be so. Refinement often reflected involvement with Europe and North America, but however much the Latin Americans I saw were oriented toward those regions by economic ties, by cultural bonds, by history, by inclination and by animosity, they were by no means certain that they would want to evolve according to a European or a North American model. The desire for autonomy is great. Among many intellectuals and professionals I found a resentment against the developed and, according to many, exploitative countries, an unease about the underprivileged at home, some troubled kinship with the Third World—all of this makes for a complicated sense of identity and for an undercurrent of radicalism. But what forms will that radicalism take?

Perhaps no institution in Latin America combines inherent conservatism with radical stirrings as clearly or as uneasily as does the Roman Catholic Church, itself so important a component of whatever unity exists. In Bogotá I spoke to Bishop Alfonso Lopez Trujillo, Secretary General of the Latin American Bishops' Conference, to whom I had been recommended by a liberal Catholic in Argentina. He regretted and belittled the deep divisions within the Church between progressive and conservative clergy; one could also speak of radical and reactionary wings. He was unwilling to acknowledge the influence of Pope John XXIII or of *aggiornamento* in the evolution of the radical elements of the Church, but is it likely that there is no connection between today's divided Church and the momentous efforts to modernize the Church, to make it more responsive to social needs? My conversation with the conservative and cautious Bishop was interrupted by the arrival from Santiago of a young and remarkably outspoken priest; the Bishop

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left, and the priest, with a sense of excitement, as if he had just come from the front lines, told me of the kind of maneuvers, at once prudent and defiant, by which the Church is waging its battle for human rights in Chile. In any reckoning of the future direction of Latin America, the Church is of great significance—and, incidentally, one more important connection between Europe and Latin America.

V

It is fashionable to be gloomy about Latin America. The past record of unhappy alternation between populist utopianism and authoritarian repression seems to justify it, and the most recent experience with guerrilla warfare seems to confirm it. The justified worry over perpetually postponed reform feeds on the notion that reform delayed must be paid for by revolution accelerated, and all of these disappointments, charged with understandable passion, can lead to such apocalyptic visions as that advanced by a leading Brazilian intellectual a few years ago:

> The deadlock of Latin American stagnation, marginality, and denationalization, temporarily containable by colonial-fascist and colonial-praetorian regimes, will lead to an inescapable and uncontrollable explosion whenever the critical level of marginalization and disaffection of sufficiently large sectors of the subelite and groups of the elite is surpassed. In that case, as foreseen by the multiple Vietnams scheme, simultaneous guerrilla movements in several strategic Latin American countries, very probably centered in Brazil, are likely to unleash terrible social forces, including relevant sectors of the Latin American armies, creating a massive generalized insurrection that no organized power in the world will be able to contain.[8]

To a novice in the area, this sense of likely doom (or of heady revolution, depending on one's perspective) does not altogether ring true. Argentina, Brazil, and even Colombia are full of obstacles to desired change; I have tried to suggest some of the interests and traditions that militate against change. I have referred to elitist indifference to freedom, in part because I hold to the old view that freedom is the precondition for much of what we call progress. But in the countries visited, among some of the men and women I talked with, I sensed that there were possibilities that could yet confound the prophets of doom. No two cases of social change are alike, but the Iberian example may still be instructive:

[8] Helio Jaguaribe, *Political Development: A General Theory and a Latin American Case Study*, New York: Harper and Row, 1973, p. 495. A similar view was expressed in a major summary in the *Journal de Genève*, January 6, 1978.

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who would have predicted a decade ago that Spain or Portugal would be able to manage a peaceful transition from authoritarianism to liberal democracy; who, two years ago, would have confidently asserted that Portugal would escape communist domination? (Who, indeed, would have predicted a bloodless coup against ruthless Greek colonels?) Granted that the proximity of democratic Europe played a major role in these developments—still, freedom has not done badly in the last two years, and it too has a contagious quality to it.

Chile has become a byword of horror, the reputation may linger even after the reality changes. Could Brazil—with its immense potential—find a different path? If the grim drabness of military-led regimes in Latin America should yield to civilian rule, if Latin Americans can manage a transition to an economically viable, politically tolerant system, this would have considerable bearing on other developing countries as well. It is a curious fact of contemporary politics that 61 years after the Bolshevik Revolution was meant to herald the world revolution, nearly 100 years after Marx's death, the conservative elements in the world seem to have one more chance of conducting liberal change, of initiating reform, of working toward a free and just society, whether in France, Brazil or Portugal. Seen in that perspective, Brazil is a country that can feed our collective imagination of disaster or bolster our hope that even repressors will discover Napoleon's truth that you can do everything with bayonets but sit on them.

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Sandra Vogelgesang

WHAT PRICE PRINCIPLE? U.S. POLICY ON HUMAN RIGHTS

Jimmy Carter has helped make human rights a more important factor in U.S. foreign policy and a matter of greater concern in most countries. What that concern can amount to is another matter. The perennial questions that have plagued the attempted marriage of morality and American diplomacy persist. Whose morality and at what cost to whom?

Like God, Mother and Country, human rights claim universal reverence. There are no calls for torture in what passes for polite society. The average American sees the Bill of Rights as an article of faith at home and an item for emulation abroad. Everyone should enjoy certain fundamental rights—be they political, civil, economic, cultural or social.

The main question is thus not whether most Americans applaud the President's general stress on human rights. They do. It is what they are ready to do about it. Words, while important, can be cheap and misleading. What happens when U.S. support for Soviet dissidents seems to sabotage détente, or if future economic sanctions against South Africa undercut U.S. trade? Are most Americans aware of the Administration's argument that promotion of human rights should include efforts to help fulfill economic and social needs? If so, would they accept an added claim on their tax dollars for increased foreign aid? Is the President right in claiming that Americans are as ready to do something about lapses in their own performance on human rights as they are to point fingers at others?

The answers are not clear. What public opinion analyst Pat Caddell once saw as a political asset for the Administration could become a liability. If the President proceeds on his present course of perceived retreat on human rights, he invites criticism. If, on the other hand, he pushes the concept of human rights to its

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logical conclusion, he risks stiff resistance in Congress.

The U.S. policy on human rights, in short, has reached a critical point of decision. It raises questions that need response, not just by the government, but by the American public. The issues have important implications for East-West and North-South relations and, indeed, for the redefinition of the national interest and consensus underlying U.S. foreign policy. Failure to address them may backfire to the political disadvantage of the President and the longer-term detriment of human rights.

To put these questions into context, this discussion moves from a specific balance sheet to more general propositions:

(1) What has the Carter Administration said and done about human rights and what difference has it made?
(2) What problems complicate promotion of human rights?
(3) What approaches and areas need more attention?

II

First, a look at the record.

Jimmy Carter did not discover human rights. Concern with a moral tone, if not policy, has dominated American diplomacy since the Declaration of Independence invoked a universal appeal for "unalienable rights." Woodrow Wilson's call to make the world "safe for democracy" and John F. Kennedy's pledge to "bear any burden, pay any price" anticipated the 1977 inaugural: "Because we are free, we can never be indifferent to the fate of freedom elsewhere."

What Carter did find was an issue in cyclical upswing. Disenchantment with U.S. experience in Vietnam—whether seen as an example of executive branch excess, a distortion of national interest, or an instance of American moralism run amok—had helped, together with the civil rights movement of the 1960s, to set the stage for emphasis on international human rights in the 1970s.[1] Landmark congressional hearings, launched by Representative Donald Fraser in 1973, and increasingly explicit legislation countered alleged indifference to human rights on the part of the Republican White House and Secretary of State Henry Kissinger.

[1] One of the more interesting aspects of the human rights issue is the large number of proponents who were once either activists in the civil rights movement or opponents of U.S. involvement in Southeast Asia—or both. Congressmen Donald Fraser and Tom Harkin, U.N. Ambassador Andrew Young, Allard Lowenstein (U.S. Representative to the U.N. Human Rights Commission in 1977), Patricia Derian (Assistant Secretary of State for Human Rights and Humanitarian Affairs), David Hawk (Executive Director of the U.S. Section of Amnesty International), William Goodfellow (Associate at the Washington-based Center for International Policy), and Jacqui Chagnon (Coordinator of the Human Rights Working Group of the Coalition for a New Foreign and Military Policy) are representative graduates of one or both of these movements.

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The contrast between Kissinger and Carter on human rights proved instructive, if not crucial, in the 1976 presidential election. Although Kissinger had stressed in speeches since 1973 that "America cannot be true to itself without moral purpose," he had also warned that the United States, post-Vietnam, lacked power to impose its values on the world. There was no realistic alternative to "quiet diplomacy" and a "sense of proportion" between the "art of the possible" and "the science of the relative."

Carter used the same references to morality and Vietnam to diametrically opposed effect. The new limits on power and the "moral crisis" produced by the Indochina War were reason, he argued, not to retreat into some variant of Realpolitik, but to help shape a "new world." He sensed that the electorate, ready for reaffirmation in bicentennial rhetoric, would respond better to confidence than caution. Thus the promise of a foreign policy that would "make Americans feel proud again."

A fundamental tenet of that policy was to be—and is—stress on human rights. The opening line in a Presidential Directive early this year reconfirms the course set out during the campaign: "It shall be a major objective of U.S. foreign policy to promote human rights throughout the world."[2] The scope of concern—stated in a major address by Secretary of State Cyrus Vance in Athens, Georgia, on April 30, 1977—encompasses three sets of rights:

> The "right to be free from governmental violation of the integrity of the person. Such violations include torture; cruel, inhuman, or degrading treatment or punishment; and arbitrary arrest or imprisonment," as well as "denial of fair public trial and invasion of the home";
>
> The "right to the fulfillment of such vital needs as food, shelter, health care, and education";
>
> The "right to enjoy civil and political liberties," such as freedom of thought, religion, assembly, speech and the press, as well as freedom of movement within and outside one's own country and freedom to take part in government.

Secretary Vance presented the Administration's definition of human rights in that order and stressed that "our policy is to promote all these rights." Although he acknowledged that "there may be disagreement on the priorities these rights deserve," he emphasized that "all of these rights can become complementary and mutually reinforcing."

Integrity of the person, basic human needs and civil liberties are all objects of concern in various international obligations entered into by the United States, and the importance of these undertak-

[2] Quoted by Strobe Talbott, *Time*, February 27, 1978, p. 22.

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ings has been emphasized by the Carter Administration. The U.N. Universal Declaration on Human Rights, drawn in part from points in President Franklin Roosevelt's "Four Freedoms" of 1941 and in his "second Bill of Rights" (economic and social) in 1944, was adopted, with no negative votes, by the U.N. General Assembly in 1948. It emphasizes both political/civil liberties (or rights) and economic, social and cultural rights. Although a nonbinding resolution, the Declaration is considered an authoritative definition of the "human rights and fundamental freedoms" that, under the U.N. Charter, U.N. member states are under legal obligation to promote.[3] Other statements—ranging from the Inter-American Charter of Social Guarantees, adopted by the Organization of American States in 1948, and the Social Charter that makes promotion of economic and social "rights" a matter of treaty obligation for members of the Council of Europe—illustrate further the international basis for the Carter Administration's broad interpretation of human rights.

Despite the ambitious scope of its policy, the main question before the Administration has been not whether to promote human rights, but how. The extent of repression and deprivation remains staggering. Amnesty International, winner of the 1977 Nobel Peace Prize for its work in behalf of "prisoners of conscience," warns that serious violations continue in 119 countries. State-sanctioned torture has become a worldwide "social cancer" in the body politic, despite the new U.N. declaration against it. "Death squads," tacitly or openly approved by governments, kidnap and kill students, labor leaders, lawyers and journalists. Thousands of political prisoners remain in remote jails, without recourse to legal defense, food, water or health care. Genocide recurs on a scale to rival that practiced by Hitler or Stalin.

Administration officials say that they are neither at the end nor the beginning, but, perhaps, at the end of the beginning in dealing with such inhumanity. Although it is hard to know how much credit the United States can or should take, the latest annual reports from Freedom House and the International League for Human Rights do confirm that respect for human rights has improved in many countries and that some of those improvements reflect emphasis placed on human rights by the Carter Administration. Thanks in part to U.S. efforts, thousands of political prisoners have been released since early 1977 in such nations as

[3] The two U.N. Covenants on the above sets of rights, which came into force in 1976 but which still lack U.S. ratification, were designed as additional means to transform the principles proclaimed in the 1948 Declaration into binding treaty obligations.

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Indonesia, Korea, the Philippines, Poland, Morocco, Bangladesh, Pakistan, Tanzania and the Dominican Republic. Emigration has increased from the U.S.S.R., some nations in Eastern Europe and Syria. Bolivia, Peru and Ecuador promised elections this year. El Salvador and Haiti have agreed to visits by the Inter-American Commission on Human Rights.

The Administration has built on prior initiatives and achieved some movement toward the newly emphasized U.S. goal of the achievement of racial justice in southern Africa—through the U.S.-U.K. plan for majority rule in Zimbabwe, the repeal of the so-called Byrd Amendment allowing chrome imports from that country, initiatives to speed Namibian independence, and U.S. support for the 1977 mandatory U.N. arms embargo against South Africa. Although some recent actions suggest that the Shah of Iran intends to maintain his authoritarian system of government, he has responded to criticism from the United States and others by releasing political prisoners, engaging in fewer reported cases of torture, inviting the International Committee of the Red Cross to make two inspections of Iranian prisons, permitting meetings with representatives of the International Commission of Jurists, and continuing to give high priority to such basic human needs as health care and housing. And much more has been done elsewhere—such as making U.S. arms sales contingent on recipient-nation release of political prisoners or more general improvement in the human rights situation—that cannot be made public without jeopardizing progress underway or hurting already delicate bilateral relations.

The United States has helped encourage broader attention to human rights. Washington is not now, as once claimed, perched at the end of a unilateral limb. International initiatives—some recent, some begun by the Nixon-Ford Administration and by other nations—are bearing fruit. In particular:

—The Helsinki Final Act of 1975 has surprised most signatories by assuming a life of its own, shown in the proliferation of monitoring groups in communist nations and pressure for "full implementation" of the so-called Basket Three on humanitarian measures at the Belgrade meeting for follow-up on the Conference on Security and Cooperation in Europe (CSCE). Although the omission of human rights from the summary document at Belgrade was a disappointment—in part reflecting Edmund Burke's conclusion that most political decisions are a choice "between the disagreeable and the intolerable"—the central fact remains: 35 nations are nonetheless accountable to each other for how they

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treat their own citizens.

—Human rights have become a central focus in the Organization of American States (OAS), constituting the main point of debate at the 1977 OAS General Assembly and the reason OAS member states voted, 13 to 10, to shift this year's meeting from Uruguay, a major violator of human rights, to the United States. (In contrast, Henry Kissinger did go to Santiago for the 1976 meeting of the OAS General Assembly, even though atrocities by Chile's military junta were widely criticized at the time.) The United States is working with Latin American nations to expand on earlier efforts to give more money and authority to the Inter-American Commission on Human Rights.

—The United Nations shows more promise in the area of human rights. American delegates to the 1978 session of the U.N. Human Rights Commission (HRC) report continuing movement, away from the "selective morality" criticized by Senator Moynihan when he was U.S. Ambassador to the United Nations, to concern with countries other than Israel, Chile and South Africa. For the first time, the Commission announced this year that it had taken decisions—according to Resolution 1503 of the Economic and Social Council that establishes a procedure for dealing with complaints by individuals and nongovernmental organizations—on Bolivia, Equatorial Guinea, Malawi, the Republic of Korea, Uganda, Ethiopia, Indonesia, Paraguay and Uruguay. The U.N. Secretary General is to inform Cambodia of allegations made about human rights violations there and to have all relevant information available for the next session of the HRC. In addition, Nigeria and other African nations are supporting creation of an African Human Rights Commission under U.N. auspices.

—Many West European nations are increasing their attention to human rights. Their spokesmen are, however, quick to point out that they had discovered that issue long before Jimmy Carter came to the White House. It was they who took the lead on the human rights provision of the Helsinki Final Act in 1975 and who have often outdone the United States on the percent of gross national product devoted to foreign aid focused on fulfilling economic and social rights of the poor. On the other hand, Carter's stress on human rights and increased consultations with European leaders on this topic have helped move several European nations to vote "no" on international loans to major violators on human rights grounds (something they did not do before, even in the case of Chile) and to propose adding human rights provisions to the European Community's Lomé Convention, an initiative that could

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have substantial effect on the trade preferences granted scores of former colonies in Africa and the Caribbean.

—There has been a dramatic increase in unofficial activity within the United States and elsewhere to complement the moves of official international actors. The "human rights lobby" on Capitol Hill and in New York has grown since the early 1970s from a relative handful with no voice to over 50 organizations exercising major influence through congressional testimony, background information for U.S. legislation and U.N. deliberations, pressure on multinational firms, and operation of a communication "internet." Groups like the Human Rights Working Group of the Coalition for a New Foreign and Military Policy, the Washington Office on Latin America, and the Center for International Policy have helped to mobilize the votes behind Congressman Tom Harkin's human rights amendments to legislation on foreign economic assistance. Religious organizations, like the National Council of Churches, have spearheaded campaigns to block U.S. private investment in South Africa.

To reinforce or to respond to this range of activity, the Administration has tried to institutionalize the process of decision-making on human rights within the U.S. government. Efforts to bolster that process include expansion of an independent State Department Bureau of Human Rights and Humanitarian Affairs (HA), directed by Patricia Derian, a determined political appointee with direct access to the President; inclusion of human rights concerns in most major strategy papers and statements of objectives; a directive to all ambassadors, assigning them personal responsibility for policy follow-up; and creation of an Interagency Group on Human Rights and Foreign Assistance, chaired by Warren Christopher, the discreetly effective Deputy Secretary of State.

Officials in the executive branch try to advance human rights by tailoring their tactics to the case at hand—taking due note of such factors as the pattern and trend of violations, the degree of responsibility by the government concerned, its openness to outside inquiry, and the utility of U.S. action. The Adminstration thus uses a mix of means: symbolic gestures like meeting with Chilean opposition leaders, sanctions such as ending grant military matériel for Ethiopia, talk behind the scenes with leaders like the Shah of Iran, public condemnation of international pariahs like Ugandan President Idi Amin Dada, bilateral discussions with repressive regimes like that in the Philippines, and multilateral initiatives in organizations like the United Nations or Organization of American States.

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As the President's visit to Brazil in March 1978 illustrated, he and members of his family and the Cabinet make human rights an important talking point with foreign leaders. The Administration also backs its expressed policy with some leverage. It has made human rights a factor in the allocation of funds or materials through bilateral aid, PL 480 Title I food aid agreements, the Overseas Private Investment Corporation and the Export-Import Bank. It has also complied with U.S. law and a perceived "spirit of the Congress" to use its "voice and vote" to try to channel funds from major international financial institutions, like the World Bank, away from those governments that engage in what U.S. legislation calls a "consistent pattern of gross violations of internationally recognized human rights."[4] To that end, the United States had, by early this year, delivered demarches to 18 countries, abstained on loans to seven countries (including Korea and the Philippines), and voted "no" on loans to such nations as Argentina and Chile. Human rights was a factor in determining that the United States would decline to increase Fiscal Year (FY) 1979 security assistance to the Philippines, Korea, Indonesia and Thailand (effectively a decrease, given inflation).

Actions of this sort have been seen as a reaffirmation of American traditions. Public opinion polls around the world, as well as accounts in the press, suggest that Carter's stress on human rights is one reason for renewed foreign respect for the United States in the post-Vietnam and Watergate period. According to one Brazilian journalist: "From the moment Latin Americans, Africans, and Asians started looking at President Carter as a politician interested in human rights, the United States Embassy ceased being seen by thousands of third-world liberals as a headquarters for conservative maneuvers; it became identified with the nation it represents."[5]

III

As much as the Administration may have accomplished on human rights, however, the progress thus far has brought this country up against formidable obstacles. These hurdles effectively

[4] Much action taken by the Carter Administration is in fact pursuant to legislation passed or contemplated during the Kissinger period when Congress grew increasingly angry about close U.S. relations with certain repressive regimes. Major items of legislation include: Section 502b of the International Security Assistance and Arms Export Control Act of 1976 and Section 116 of the Foreign Assistance Act of 1961, as amended by Section 111 of the International Development and Food Assistance Act of 1977.

[5] Elio Gaspari, "Carter, *Si*!", *The New York Times*, April 30, 1978, section 4, p. 19.

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block any flying leap into the millennium—even by the most agile Baptist.

The primary frustration for promotion of human rights is the resistance of repressive governments to reform. Governments violate human rights because their leaders believe it in their interest to do so. Because of real or imagined threats to security, love of wealth and power, ideological stance, or personal idiosyncrasy, such states and leaders do not wither away willingly.

For that reason, the U.N. Universal Declaration on Human Rights is often anything but universal in the support it claims in practice. Most nations consider foreign criticism of their performance on human rights an unacceptable assault on their sovereignty. Indeed, there is tension within the U.N. Charter itself (repeated in the Helsinki accords) because of reference to the principle of noninterference by one state in the internal affairs of another (Article 2) and attention to human rights (Articles 1, 55, and 56). Thus, the United Nations often turns a blind eye to blatant violations by member states. By advocating more study and no action against Uganda or Cambodia, it elevates hypocrisy to the highest diplomatic art.

Violations of human rights—like the often related phenomenon of contemporary terrorism—can be more significant as symptoms than as causes of problems. They are likely to persist until underlying problems are faced. For example, there will be little respect for human rights as long as the ultraconservative oligarchy in El Salvador considers land reform a communist plot to give peasants power.

Washington's leverage on such problems may be limited, at least in the short run, or vary dramatically because of the government in question, U.S. relations with it, and other U.S. interests. Singling out Nicaragua for cuts in security assistance, while catering to arms calls from Iran, has evoked criticism of a U.S. double standard. (As one humorist put it, Nicaragua's situation may not improve until "U.S. cars run on bananas.") Access to some countries, like Democratic Kampuchea, has been nil and thus has left the United States (and all other nations) helpless to avert genocide of as many as an estimated one million Cambodians. (The fact that the Administration could not affect events inside Cambodia does not excuse its disgracefully late and inadequate response to that part of the human rights problem it *could* address: helping find a home for the over 100,000 Indochinese "boat people.") On the other hand, U.S. dissociation from the corrupt Somoza regime in Nicaragua, which the United States has supported for more than

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40 years, can help reduce repression directly. At the same time, such actions can help scale back U.S. involvement there to more realistic proportions and lay the basis for better relations with what may some day be a more progressive successor.

Concentration on consistency thus misses the point. There can and should be consistent determination to take human rights into serious account for U.S. foreign policy. Yet, stress on human rights must at all times be weighed against other factors. A rigid rubric for human rights can obscure the importance of other goals, some of which may have overarching global significance. For example, nuclear nonproliferation and military strength bear on that most fundamental human right—survival. Whereas the previous Administration tended almost invariably to give primacy to other foreign policy goals when they competed with human rights, the Carter Administration has generally given greater weight to human rights than did its predecessor. This commitment cannot be maintained, however, without affecting other U.S. interests. The Carter human rights drive has not been without costs in terms of other U.S. goals:

—Treating Argentina like a moral outcast has hardened anti-U.S. attitudes in right-wing circles throughout Latin America and has threatened other U.S. objectives. Argentina could accelerate efforts to develop its own capability to reprocess nuclear fuels, without proper safeguards. The legislative requirement to end all new arms transfers to Argentina, effective in FY 1979, could push that nation to European markets, thus losing export sales for the United States, or to increased efforts at self-sufficiency, thus exacerbating the spiral of global arms expenditures and feeding international tension.

—Embracing Soviet dissidents has struck some as a dagger thrust to détente and SALT II. The fact that President Carter answered a letter from Soviet dissident Sakharov and received another dissident in the White House in early 1977 angered the Kremlin leadership and seemed to sour the atmosphere for Secretary Vance's presentation of a new arms control package in Moscow in March 1977. (It also resulted in an accelerated decimation of dissident ranks and far less Soviet emigration than former Secretary of State Kissinger had facilitated through quiet diplomacy.)

—Exempting the People's Republic of China from the stress on human rights, because of the fragility and value of new U.S.-Chinese ties, has handed Soviet leaders a propaganda point, baffled other nations, and given U.S. domestic opponents to

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eventual normalization of diplomatic relations easy cause to cry "foul."

—Pressing hard on human rights has upset important NATO allies. Particularly in early 1977, many considered Carter's "moral crusade" ill-conceived, naïve, and harmful to East-West rapport, which, in turn, affected détente in their own backyard. West German Chancellor Helmut Schmidt minced no words at that time. He feared then and now that a U.S. frontal attack on Soviet repression might undermine his quietly effective efforts to repatriate ethnic Germans and to facilitate family visits in Berlin.

—Raising human rights in institutions like the World Bank has, according to some, politicized them (even more than they already are), has complicated U.S. efforts to encourage more multilateral assistance for economic development, and has established precedents that may undercut U.S. interests later. Further, since U.S. "no" votes lack veto power, except on certain "soft loans," Washington has so far antagonized nations like Argentina, Chile and Uruguay without gaining the voting support necessary to block any loans.

Because of those conflicting priorities and because of different situations in different countries or even a different situation in the same country at different times, the Administration has confronted a serious problem of perception and public relations with American citizens and the Congress. The case-by-case approach and apparent move to more quiet diplomacy in mid-1977, impelled by a backlash from the Soviets and urgings from key allies, has struck some as a capitulation on more general commitments to human rights. The Administration has paid for such adjustments with critical press accounts about "retreat on human rights" and the sentiment, registered in public opinion polls, that the Administration lacks "direction."

Part of the problem in this regard is one that would face any Administration trying to deal with human rights. The "hell of good intentions" described by Stanley Hoffmann[6] is often due to the time it takes to achieve them. Americans are notoriously impatient with long-term crusades. Just as most turned against the Vietnam War because they were tired and saw no "light at the end of the tunnel," so might they turn on the policy envisaged as the moral antidote to that war. If stress on human rights provides few quick fixes, as seems likely, or costs too much, as seems possible, it could boomerang by 1980. Human rights might then, for that and

[6] Stanley Hoffmann, "The Hell of Good Intentions," *Foreign Policy*, Winter 1977, pp. 3–26.

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other reasons, lose one of its most influential spokesmen.

Consequences could be comparably serious in the U.S. Congress. Many members of the legislative branch are still suspicious about executive intentions on human rights, despite the differences between the Carter Administration and its immediate predecessor on this subject. Congress has thus felt compelled to hold White House feet to the fire for reasons as varied as its own membership: some skepticism about the depth of Carter's dedication to human rights, some jealousy about his capturing the initiative on this issue, some poor communication between the two ends of Pennsylvania Avenue about what human rights legislation could be useful, and some unholy alliances between those who want to use human rights to cut other programs like foreign aid and those who are sincere (if sometimes overly zealous) advocates of human rights. With Congress in what amounts to a wrecking mood, there could be a backlash against promotion of human rights or a setback to other expressed U.S. objectives—or both.

For both the Congress and the Administration, establishing priorities among human rights is a problem. Which ones merit most attention? There are hard choices to make in a world where secret police torture detainees with electric shocks to the genitals, where children starve in the shadow of plush tourist resorts, and where writing a poem can lead to political exile or worse. Although the Carter Administration has said that its concern for human rights includes three comparably important sets of rights, it has had to recognize the constraints on its own resources and to put most emphasis on crimes against the security of the person.

Current U.S. decision-makers have only begun to deal with the issue of how to weigh economic and social rights in relation to political and civil rights. To comply with current legislation on foreign economic assistance, the Administration's Interagency Group does approve projects like health clinics which meet basic human needs—even if the recipient government engages in a "consistent pattern of gross violations." It does so on the theory that the oppressed should not suffer for the sins of their oppressor. On the other hand, neither the Administration nor the Congress seems inclined to make a major shift of U.S. foreign aid toward nations like Tanzania and Mozambique (not to mention Cuba) that stress economic and social progress, at the cost of political freedom (and with an ideological cast still suspect in Washington).

Molding a policy on human rights that embraces both political and civil liberties and social, economic and cultural rights may thus prove to be one of the most difficult challenges in this area for

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Jimmy Carter and, indeed, for any future occupant of the White House. Although there is some legal reprieve on active pursuit of economic and social rights,[7] there is little political latitude for ignoring the issue. The Administration has thus adopted the broad scope of human rights spelled out in U.N. documents, not only because of its perceived legal commitment to do so, but also because it knows that no narrow reading of human rights, restricted to political and civil freedoms, can win wide support from the majority of U.N. member states. Most communist and developing nations claim that a roof over the head is more important than the right to free speech. More radical Third World leaders suspect that the United States is "using" human rights to thwart economic development in their countries and promulgate a new "moral imperialism."

American representatives can and do argue that economic advance is directly related to popular political participation. They claim that many leaders from developing countries employ talk about economic and social rights more to deflect criticism of their repressive policies than to meet the basic human needs of their poorest citizens. Yet, developing country elites do not feel compelled to listen to that argument as long as the United States and other developed nations ignore calls for a New International Economic Order, for more equitable distribution of resources among nations. They believe that the United States could help establish its *bona fides* on more critical human rights by increasing development assistance to the Third World. Such requests, however, run counter to the mood of the American majority where concern about domestic economic recovery and high taxes dominates.

The limited domestic constituency for a broadly conceived policy is likely to be a continuing problem in maintaining impetus. Public opinion polls show Americans solid in their support of the general outlines of current policy, but soft on specifics. Most associate human rights with the political and civil liberties of the Bill of Rights and not with the ambitious scope set forth by the Administration and favored by the Third World. Analogies between the

[7] The distinction in the treatment of the two sets of rights is reflected in academic discussions, such as Maurice Cranston's *What Are Human Rights* (1973) and Richard Claude's *Comparative Human Rights* (1976) and in the different obligations on governments that ratify the relevant U.N. Covenants. Whereas a state that becomes party to the Covenant of Civil and Political Rights is under an "immediate" legal obligation to comply with its provisions, ratification of the Covenant on Economic, Social, and Cultural Rights merely obligates each State Party "to take steps . . . to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means. . . ."

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U.S. civil rights movement in the 1960s and the movement for international human rights in the 1970s may be appropriate. Many whites a decade ago were all for equality of racial opportunity until a black moved next door. Similarly, many Americans today are all for proclamations in behalf of international human rights but against increasing their taxes to pay for more foreign aid.

Beyond that problem of limited support by the American majority for a broad interpretation of human rights is the related issue of strong support by vocal American minorities for just such a program—if it benefits their constituency. Representatives of American minority groups, important to Carter's election as President, argue that they cannot back a foreign policy that ignores the economic and social rights they consider part of their human rights at home. (A corollary to this point is the fact that domestic demands for fulfillment of economic and social rights compete with requests for more foreign aid abroad.)

The participants this year at a "National Foreign Policy Conference on Human Rights"—though hardly a representative cross-section of America—illustrated the political dilemma before the Administration. Calls for reform from the 500 delegates resembled cacophony from a contemporary Tower of Babel. There was little common concern among causes and speakers, and little reflection of the great majority of American citizens who were not there.

Feminists wanted prompt passage of the Equal Rights Amendment, black men asked protection for "America's most endangered species" (themselves), Asian-Americans sought "reparations" for World War II incarceration in California concentration camps, Hispanics condemned U.S. "police brutality," and Indians demanded their treaty rights to resource-rich land. One result of the session for some stunned State Department officials who had arranged the conference: the proposal that U.S. victims of human rights violations establish their own Helsinki monitoring group.

Several points that were not made may have been as important as those that were. The disparate pleas for protection of human rights came in the context of what amounts to a schizoid citizenry, partly aroused by social issues, but mostly more absorbed by private matters. Ten years after the Kerner Report on urban riots in the 1960s, the United States is moving toward two societies—not one black and one white as then predicted, but one of haves and one of have-nots, separate and unequal. The one rarely sees and thereby understands the other.

The invisible poor of this latter-day "other America" foreseen by Michael Harrington are the domestic counterpart of a global

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phenomenon: one billion people unnoticed below what the United Nations calls "the absolute poverty line." Still others are deprived of basic dignity because of their sex or race. Yet, neither the haves nor the have-nots of the United States seem inclined to make the connection. The American public's line of sight seldom extends from Peoria to Pretoria.

The old issue resurfaces in new guise. Whose human rights and at what cost to whom?

IV

Fear that human rights will not flourish easily and that consensus may be thinner than thought need not deter the Administration. Much can be done. The agenda for the duration of the first term should concentrate on a clearer identification of what should be done now and what might be the basis for later and larger change. The challenge is a test of two time frames—immediate and long term.

My proposals for improving present U.S. policy start from the premise that a broad interpretation of human rights is in order. A more narrow or traditionally Anglo-Saxon recital of political and civil rights alone misses the point of what worries most of the world and many disaffected Americans, misses the crucial connection between access to political and economic opportunity, and misses the needed chance to redress some imbalance in U.S. national priorities.

The issue is thus not direction, but degree: how much can be done how fast? This Administration cannot take on promotion of all human rights all at once in all countries, given the real political and economic constraints on its resources. Nor should it. It is necessary to accept the fact that there may be no solution to some of the problems outlined in the previous section. Some goals, like developing political will at home and abroad to fulfill economic and social rights, will take time and patience to achieve. Some problems, however, do suggest their own solution.

The task before the Administration is to differentiate among the categories of the impossible, the desirable and the possible. Solidifying impressive gains already made and maintaining momentum would in itself be an important goal and significant achievement. To do so requires a better choice of focus, timing and perspective. The Administration's policy on human rights will gain most credibility if it starts with a sense of priority—what is most important?—and management—how can we proceed most effectively?

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On the question of priority, both the executive and legislative branches of the U.S. government should begin by bringing their limited resources to bear on the worst violators of human rights and, perhaps coincidentally, those the United States can affect. That does not mean forswearing universal concern for human rights or ignoring many serious situations. It does suggest making some hard choices.

The Congress should thus drop its requirement for annual public reports on human rights conditions in 105 countries—reports that discuss Switzerland as well as South Korea, but say nothing about Uganda or the Soviet Union, and that needlessly antagonize other nations to no demonstrably useful effect. Instead, the State Department should be required to prepare in-depth strategy papers for the approximately 20 countries that are widely regarded as the most egregious violators of internationally recognized human rights. Those papers should spell out what the problem is and what, specifically, can or should be done, in what period of time, and in conjunction with what other nations.

In the meantime, lest other offenders escape public scrutiny and condemnation, the executive and legislative branches should encourage nongovernmental organizations to form a data bank on human rights violations and trends of performance. Such organizations—with links to the First, Second and Third Worlds and no official financing from any one government—could provide the United Nations and other interested organizations and governments with reports that reflect the credibility, scope, and dispassionate assessment now missing in U.S. and U.N. accounts. As an official domestic counterpart to that international data bank, the U.S. Civil Rights Commission should be expanded into a Human Rights Commission, empowered to monitor U.S. implementation of human rights at home. Other readily attainable specific objectives that deserve priority attention include:

—Even if the effect is primarily symbolic, the Senate should ratify those human rights documents sent for advice and consent by the President this year, as well as the Genocide Convention, which has languished unapproved since 1949.[8] Should election year pressure preclude passage of the whole package, the Senate, with strong encouragement from the White House, should put top priority on ratification of the Genocide Convention—if only because 30 years of neglect for that Convention makes U.S. advocacy

[8] The International Convention on the Elimination of All Forms of Racial Discrimination; the International Covenant on Economic, Social and Cultural Rights; the International Covenant on Civil and Political Rights; and the American Convention on Human Rights.

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of human rights ring most hollow in this thirtieth anniversary year of the Universal Declaration.

—The United States, together with its allies and Western neutrals, should not wait until the Madrid meeting (1980) on CSCE follow-up to assure continuing compliance with Basket Three of the Helsinki Final Act. Members of both the Administration and the Congress, given the useful experience of the joint executive-legislative commission on the CSCE chaired by Congressman Dante Fascell, should start now to shape a coordinating mechanism, with specified objectives and approaches, for keeping a protective spotlight on dissidents in communist countries. Working on the multilateral CSCE mechanism is likely to do more good for victims of violations than would expending valuable political capital on repeal (unlikely for the foreseeable future) of the Jackson-Vanik and Stevenson Amendments to the 1974 Trade Act, even though those legislative links between trade and credits and freer emigration from the U.S.S.R. should be dropped because they have not accomplished their intended purpose and have hurt U.S.-Soviet relations.

—Given progress at the 1978 session of the U.N. Human Rights Commission (HRC) and the massive increase in the HRC case load, the United States should accelerate efforts at the U.N. General Assembly this autumn to have the Commission meet more often or in permanent session. At the same time, the United States should press efforts with other U.N. member states to get approval of a U.N. High Commissioner or Coordinator on Human Rights.

—Both the Congress and the Administration can and should put more stress on positive, versus punitive, action to further fundamental freedoms. One important area for more attention is the connection between increased respect for human rights in general and rights of women in particular. There has been little serious follow-up on the fanfare of International Women's Year (1976). The U.S. government should thus give prompt attention to the deprivation of political and economic rights among women—both by targeting more of its foreign assistance programs to increased job training and education and better health care and nutrition for women in developing nations and by pushing far harder for ratification of the Equal Rights Amendment within the United States. Such concrete steps might give credence to the minimal goals set for the U.N.'s World Plan of Action in the Decade for Women, 1975–85.

On the question of management, both the Administration and the Congress need to overcome the appearance and some reality

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of random reaction to human rights. At issue are those perennial problems in government: coordination, consultation, and planning. Several relatively simple suggestions might help:

The Administration could build on the impressive model of the Interagency Group on Human Rights and Foreign Economic Assistance chaired by Deputy Secretary Christopher. The Christopher group has made an increasingly successful effort to pursue what it calls a "sequential and calibrated" strategy that takes into account what the proposed recipient of U.S. aid is doing on human rights and why; what the United States and others have said or done before about that performance; and what else might be done constructively without unduly jeopardizing other U.S. interests. No such coordinated attempt at overview, *ex post* or *ex ante*, is now made on any other part of U.S. policy on human rights. There is, in effect, little effort to relate what is said or done in one country to words and deeds elsewhere, or in one forum (such as an OAS General Assembly) to another (such as regional programming by the International Communication Agency).

The Christopher group, or some facsimile thereof, should thus expand its scope in at least two respects. First, it should review all major new departures on human rights (such as projected U.S. strategy on human rights for the next U.N. General Assembly or significant new diplomatic moves with important countries). Although it could not and should not monitor all aspects of U.S. policy on human rights it could serve as a fulcrum to assure better balance and a clearinghouse to catch significant contradictions or, perhaps more important, to identify new opportunities for positive U.S. action.

Second, such an interagency committee should use the authority implicit in the original mandate for the Christopher group to subsume the human rights role of the Arms Export Control Board and other more informal means of decision-making on arms sales. The gap between proposed application of human rights criteria to arms transfers and actual performance has been one of the major shortcomings of the Carter Administration. Most cuts have hit Latin America and left the Middle East and East Asia untouched.

The Administration should take firmer steps to ensure that all relevant parts of the Federal bureacracy give more consistent support to the President's emphasis on human rights. Institutionalization of this policy still lacks deep roots, as shown by conflicting signals sent from the State Department on human rights legislation or the continuing preference of many defense attachés and CIA personnel in U.S. embassies for working closely with the security

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police in repressive host-country regimes.

Much improved management of the human rights policy will depend on better consultation between the legislative and executive branches. So far, there has been poor communication between the two—with the Administration not sorting out what it considered most important on human rights, the Congress resorting to a plethora of ill-defined legislative proposals—and neither telling the other what it was up to and why. One important function of the aforementioned Interagency Group might be to have some of its members meet on a regular basis with a small but representative number of Congressmen so that the U.S. government might speak with a more coherent voice on human rights.

Those consultations would facilitate advanced planning—pacing presentation of initiatives or anticipating problems. They might range from such relatively straightforward questions as to which U.N. documents to push first for ratification and with what reservations, to more complex issues. Among the latter, I would flag for early attention—before either the Congress or the Administration becomes locked in by its respective deliberations—the following illustrative items:

—*Extension of human rights criteria to the private sector*. The executive branch has yet to address the long-run implications of existing and proposed congressional attempts to expand human rights restrictions on international business transactions. Even before effects of linking human rights requirements to U.S. foreign aid become evident, the Congress is proceeding with proposals to add such considerations to reauthorization for the Export-Import Bank, and has already done so in the renewal legislation for the Overseas Private Investment Corporation. Human rights activists are pressing for restrictions on trade with South Africa, Uganda and other nations, and may move to broader limits on all U.S. export licenses and codes of conduct for multinational corporations.

More and more members of Congress see trade and aid as part of a continuum of tools to affect performance on human rights. Before important precedents are set, representatives from the Administration and the Congress should consider together the larger issues at play: To what extent should or can the U.S. government seek support from U.S. private business to help make official stress on international human rights more effective? Is one sovereign state justified in using economic power to try to affect what some consider the internal affairs of another? What is the effect on the international system of using such economic instruments for political purposes?

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—*Treatment of foreign aid*. The proposed International Development Cooperation Act of 1978—touted as the first major reform of U.S. foreign aid since 1961—makes this question timely. Since the Congress is not apt to find an opportunity during an election year to give this bill the time it deserves, representatives from the executive and legislative branches might use the interim to plan how that bill might be reshaped to reinforce goals on human rights expressed by both ends of Pennsylvania Avenue. As it stands, the bill more nearly resembles reorganization of the deck chairs on a sinking vessel than the needed overhaul in dry dock. It does not address the fundamental questions: How can U.S. aid be more effective in meeting basic human needs abroad, what kinds of resources are needed and available, and what political will is there in the United States to apply them?

In the areas of both trade and aid, the Administration and the Congress recognize that the American public is not now willing to pay a big economic price for promotion of human rights—either in tax hikes for development assistance or lost American jobs for the sake of sanctions against repressive regimes. If the public is to adopt a different view, as I believe it should over the long run, a considerable educational effort is in order. Jimmy Carter might find the makings of a politically courageous "fireside chat" in the larger significance of human rights and national interest.

V

That bolder dimension of human rights diplomacy merits some mention here. The question is whether promotion of human rights—in the broadest sense of political, civil, economic, social and cultural rights—should be a catalyst to a larger debate on national interest.

Opponents of that perspective resist what they view as efforts to shove every general policy problem into the human rights tent. They stress serious attention to the relatively definable foreign policy aspect of human rights and concentration on curtailing crimes against the security of the person. Proponents of the wider view claim that the significance of human rights as an issue derives from the fact that it reflects, in microcosm, the new complexity of U.S. diplomacy. It pervades traditional concerns about national security and domestic consensus, as well as the newer questions raised in North-South and East-West relations and debates about the "crisis of democracy" and "quality of life" within advanced industrial nations. The lines, so this argument goes, blur between

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economics and politics and between domestic policy and diplomacy.

The truth may well lie somewhere between the proverbial extremes. I would argue, however, that the broader view does merit more attention than so far accorded it by the Administration or Congress. It is not by coincidence nor without good reason that many who once saw U.S. involvement in Vietnam as cause to rethink old conceptions about national security and priorities now see promotion of human rights as a related means to the same end. There is growing attention, promoted by major U.S. human rights organizations, to efforts like the transfer amendments offered this year by Representative Parren Mitchell and Senator George McGovern. They recommend shifting funds within the federal budget from "wasteful and dangerous military programs" to stress on housing, nutrition and health care. Although these are old goals in new guise, they do exemplify the more profound question expressed by Marshall Shulman:

> If security means that what we seek to protect is not only territory but a system of values, then we need a broader and more enlightened understanding of our real security interests than now prevails. . . . It is not a question whether or not to act upon the national interest, but whether we perceive and define that national interest in terms broad enough to respond to the actual determinants of political behavior.[9]

Just such efforts to get a "broader and more enlightened understanding of our real security interests" prompt many advocates of human rights to move beyond specific concern about political prisoners to such questions as: At what price must Washington accommodate dictators like Ferdinand Marcos in the Philippines or Park Chung-hee in South Korea? Does short-term preoccupation with stability assure or prevent longer term access to strategic real estate, vital resources, or the next generation of leaders? Is there some still largely unrecognized reason to readjust 30-year-old views about national security?

Further, human rights may provide the connecting link in the largely dormant North-South dialogue between developed and developing nations. As we have seen, both U.S. stress on basic human needs and Third World emphasis on the New International Economic Order deal with transfers of real resources, either within or among sovereign states. If the developed nations accede to the developing countries' demands for a larger slice of the global pie,

[9] See Marshall D. Shulman, "On Learning to Live with Authoritarian Regimes," *Foreign Affairs*, January 1977, p. 337.

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the donors may require that their aid to developing nations reaches the poor. Is there the makings of a mutually advantageous bargain and the political will to effect it? The fact that more U.S. exports now go to developing countries than to Japan or Europe and that almost half of all U.S. direct foreign investment is in the Third World suggests a strong U.S. stake in the progress of poor countries, one that cannot be separated from U.S. national security and well-being.

The need to weigh priorities is no less urgent in the area of East-West relations than in the North-South context. The tendency of some Administration officials to crow about the "ideological offensive" gained from pressing for human rights in the Soviet Union and of some Congressmen to cling to narrow concepts of linkage obscures the overriding U.S. national interest in pursuing a more rational route to rapprochement. The U.S. response to human rights in the U.S.S.R. should move beyond understandable focus on Jewish "refuseniks" to reflect the diverse concerns within the entire Soviet dissident community and, more important, broader and longer term changes within Soviet and East European society.

Finally, no attention to pursuing human rights in East-West or North-South relations makes much sense without reference to what is happening close to home. For example, any transfer of resources, even if proclaimed in the name of human rights, seems doomed if leaders within the industrial nations will not or cannot look beyond their own immediate problems. Persistent "stagflation" and slow economic growth cripple many current efforts to meet basic human needs at home, not to mention abroad. Terrorism by young extremists and counterattacks by governments in Italy, West Germany and elsewhere underscore the fragility of political and civil rights. There is a need to understand how deep the roots for human rights go in the so-called advanced democracies and what determination remains to nurture them.

The new perspective on national interest that stress on human rights might suggest thus depends on the domestic underpinnings for diplomacy. If one of the Administration's original reasons for promoting human rights was to restore public consensus behind U.S. foreign policy, that venture could be either hoist on its own petard or used to establish an entirely new agreement on national goals. This is the alternate peril and promise of the Administration's human rights policy.

VI

Taking stock on human rights misses the point if it turns into

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taking any one Administration to task. Although Harry Truman's plaque now sits on Jimmy Carter's desk, "the buck" does not necessarily stop there.

A more far-reaching crisis of credibility and capability confronts the nation's human rights policy. The Administration has staked much of its political reputation on promotion of human rights. And it has said that those fundamental freedoms include all rights set forth in the Universal Declaration and that they apply at home and abroad. However, a look at the Administration's record on human rights, the challenges ahead, and the areas for different emphasis gives pause. Stress on human rights is neither a guarantee of help to victims of violations nor a panacea for a nation in pursuit of new consensus for its foreign policy.

In fact, the traditional litany of American values may clash with reality. There may be increased U.S. dependence on nations like Saudi Arabia and decreased domestic compassion for neighborhoods like the South Bronx. Condemning apartheid in South Africa without cutting most investment there may amount to slapping wrists while greasing palms. The sagging dollar and soaring U.S. trade deficit may contract the economic margin for magnanimity and morality.

Promotion of human rights may therefore be more significant for the questions it raises than the answers it gives. The President, together with others, has helped bring a neglected issue to the fore. He has raised world consciousness and won new international respect for the United States. He has opened the door to new directions and made an important beginning. One of the next steps depends on whether the American people are ready to give further credence to the credo behind present policy. In sum, the future of U.S. policy on human rights lies in the response to the larger question that launched the Republic: What price principle?

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Franklin B. Weinstein

U.S.–VIETNAM RELATIONS AND THE SECURITY OF SOUTHEAST ASIA

The Carter Administration's policy concerning the normalization of relations with Vietnam has grown increasingly enigmatic. In the early months of the new Administration, there seemed to be ample evidence of a firm commitment to the rapid normalization of relations. The dispatch of the Woodcock mission to Hanoi and, in May 1977, the initiation of discussions with the Vietnamese in Paris seemed to foreshadow the early establishment of ties with Hanoi. The United States dropped its opposition to Vietnam's entry into the United Nations and pledged to end its trade embargo once diplomatic relations had been established. The Vietnamese promised to intensify efforts to provide an accounting of Americans listed as missing-in-action (MIA) in the war, and Hanoi's negotiator went out of his way to say that Vietnam was asking the United States not for "war reparations" but for "contributions" to the reconstruction of the country. Broadcasts over Radio Hanoi indicated that the government was in fact preparing the populace for normalization of relations with the United States and for a stepped-up effort to gather information about the American MIA's. Both sides appeared to share the objective of an early normalization of relations.

But the mood of optimism was shattered within hours of the Paris meeting's conclusion when the U.S. House of Representatives voted overwhelmingly to bar the government from negotiating "reparations, aid or any other form of payment" to Vietnam. Subsequent votes in the House reaffirmed the existence of strong opposition to any form of aid and even to a lifting of the trade embargo. Positions of both the Vietnamese and U.S. governments hardened. The Vietnamese made it clear they would not budge from their view that U.S. "contributions to healing the wounds of

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war and to postwar reconstruction" were "an undeniable obligation," while the Carter Administration indicated that the aid requested by Hanoi was out of the question. The Paris negotiations, which resumed in June in a gloomy atmosphere, reached an impasse over the aid issue; another meeting, held in December, showed no apparent progress.

At present, it is hard to say what priority, if any, the Administration attaches to the normalization of relations with Vietnam. The limited public discussion of the issue in 1978 has tended to highlight the view that Washington should pay less, rather than more, attention to the normalization question. The case against normalization has been made most forcefully by Bernard K. Gordon. He believes the Vietnamese see nothing to be gained from cooperation with their neighbors, and he describes the view that close relations with Vietnam are crucial to stability and security in Southeast Asia as a "fixation" of the Japanese and, perhaps, a few Americans. It would, in Gordon's view, be prudent for the United States to make it clear that Vietnam, as a communist state, is "unpalatable" for American aid; refusing to deal with Hanoi would demonstrate Washington's intention to give priority in Southeast Asia to the ASEAN (Association of Southeast Asian Nations) group—Indonesia, Malaysia, the Philippines, Singapore, and Thailand.[1] The Administration has offered little public response to the critics of normalization; rather, it has, apparently as a matter of political expediency, seemed to retreat from its earlier enthusiasm for normalization without explaining what position Vietnam presently occupies in the U.S. vision of a secure and stable Southeast Asia.

II

There is a strong case to be made for normalizing relations with Vietnam and providing limited forms of assistance, but the Administration has not made it. This is undoubtedly an indication of its assessment that the political obstacles to such a policy are formidable. But it may also reflect a more general problem—namely, the U.S. failure to make clear the conceptual framework within which its Asian policies are cast. This deficiency has been glaringly

[1] Gordon's views are set forth in his "Japan, the United States, and Southeast Asia," *Foreign Affairs*, April 1978, pp. 595–98. Gordon sees Tokyo's "fixation" on normalization as motivated by a combination of guilt feelings at having failed to support Hanoi in the war and a desire for commercial advantage. See also *Pacific Asia and U.S. Policies: A Political-Economic-Strategic Assessment*, A Private Conference of the Pacific Forum, Cambridge, Mass.: Institute for Foreign Policy Analysis, 1978, pp. 20–22, which reports on discussions involving 38 U.S. and Asian specialists; and Chalmers Johnson, "Carter in Asia: McGovernism without McGovern," *Commentary*, January 1978, pp. 36–39.

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apparent in connection with the Administration's major Asian initiative—the decision to withdraw ground combat forces from Korea. That policy has been presented in a manner that has confused both our Asian allies and Congress; even some members of Congress who are basically sympathetic to the withdrawal decision assert that the long-term goals and assumptions underlying this policy have never been made clear.

The adjustment of U.S. Asian policies to fit the post-Vietnam strategic context has seemed unsure and piecemeal. Policies have been patched together in response to domestic political concerns, pressures from allies, and a new President's predispositions, but there has been no clear statement of the goals and instruments of a security policy attuned to the realities of a new era. On-again off-again negotiations with Vietnam, a confusing Korea policy, intermittent expression of concern about human rights in several Asian countries, a slowing of U.S. economic interest in Southeast Asia, bogged-down base negotiations with the Philippines, clashes with Japan over energy and trade, and a non-policy on China have all served to reinforce the impression that U.S. security policies in Asia lack any overall sense of direction. Given this context, it is hardly surprising that the Administration's Vietnam policy seems difficult to fathom.

It will be easier to understand the importance of relations with Vietnam for the security of Southeast Asia if we begin by recognizing several key elements of the post-Vietnam strategic context in Asia. A realistic adaptation to this new era requires a conception of security that goes beyond the previous preoccupation with military alliances and U.S. commitments. One of the principal features of the emerging Asian security system is a greater emphasis on economic and diplomatic relationships with potential adversary nations as instruments for helping to maintain security. The development of Sino-U.S. détente and the end of the Vietnam War have greatly increased the potential scope for such relationships. Indeed, it is not so difficult to imagine the emergence in Southeast Asia of what may be termed a "multi-alignment" system—a diversity of cross-cutting relationships linking communist and non-communist nations on different issues.[2] The main advantage of such a system is that conflict, when it arises, will be fragmented along numerous lines; the danger of the kind of polarization that can lead to hostilities is reduced.

[2] This discussion of multi-alignment draws on Franklin B. Weinstein and John W. Lewis, "The Post-Vietnam Strategic Context in Asia," in Weinstein, ed., *U.S.-Japan Relations and the Security of East Asia: The Next Decade*, Boulder, Colo.: Westview Press, 1978, pp. 146–50.

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This is not to suggest that economic and diplomatic relationships alone are likely to be decisive in preventing the outbreak of war; indeed, if such relationships are marked by conflict, they may provoke hostilities. Nor should emphasis on such relationships as potential instruments for maintaining security be taken to mean that military power has become unimportant. It is, however, reasonable to assume that if potential adversary nations have economic and diplomatic ties, they may well acquire a greater stake in maintaining peaceful relations. When going to war means jeopardizing a host of beneficial economic relations, the potential aggressor is more likely to calculate that the costs of war are too high. While some may think it unrealistic to view such relationships as a basis for security, the real danger is not that people will expect too much of these relationships but too little; an overemphasis on military capabilities as the basis of security may prevent any real effort to test the deterrent potential of other means.

Another important advantage of a multi-alignment system is that it would tend to lessen dependence on the United States without resulting in dependence on any other single power. It offers the non-communist nations of Asia a greater possibility of working out an accommodation of interests with their communist neighbors without merely moving out of one orbit and into another. And the process of diversifying alignments is itself likely to strengthen further the multipolarity of the system and to generate added opportunities for alternative relationships.

The cost of this diversification, which is already under way, is a diminished sense of solidarity among the former members of the American-guaranteed alliance system. Clearly, these countries will feel freer to manifest divergencies with the United States. But the lessened degree of dependence on U.S. power will be advantageous for the United States as well. Although the U.S. strategic deterrent and naval presence obviously retain important roles, multi-alignment will further reduce demands on U.S. military power, which is appropriate in an era of diminished U.S. capacity to project its military power in Asia. It could give Asian nations a greater political capacity to provide for their own security by placing them in a position to balance and even, on occasion, to manipulate their relationships with more powerful states. Of course, any move toward a multi-alignment system raises new uncertainties, and some are sure to view it as a threat to stability; but we need to have a more sophisticated understanding of the meaning of stability. In the long run, the soundest basis for stability will lie in the establishment of a security structure less

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dependent on U.S. military power. A stability that is self-perpetuating, rather than artificial, must come from within—through the establishment of a modus vivendi among the nations of the region. The proposed approach, which shifts priorities from the maintenance of alliance solidarity to the working out of an accommodation of interests between the ASEAN nations and their communist neighbors, may hold the best prospects for assuring the security of Southeast Asia.

III

The establishment of relations between the United States and Vietnam should not be viewed as one last battle in a war that some people continue to fight in their own minds; rather, it should be seen as an important first step toward the creation of a new Southeast Asian security system based on the concept of multialignment. There is, of course, no denying the existence of strong political opposition in this country to any form of assistance to Vietnam. But this only makes it all the more important that the Administration play a role of leadership in explaining to Congress and the American people why it is advantageous for the United States to develop relations with Vietnam.

Let us begin by recognizing that the Vietnamese have already done a good deal to lay the basis for the kind of cooperative relationships that could facilitate the development of a multialignment system. They have adopted a conciliatory posture toward their non-communist neighbors. Interviews with a cross-section of military and civilian leaders in all five ASEAN countries conducted during October-November 1977 indicate that Hanoi's efforts have eased regional anxieties about Vietnam's intentions. Approximately 65 interviews with senior foreign ministry officials, military leaders, politicians, journalists, businessmen, academic specialists, and foreign diplomats make it abundantly clear that Vietnam's neighbors do not, at present, feel threatened by Hanoi.

Earlier fears that the victorious Vietnamese would give a major boost to their communist compatriots elsewhere in Southeast Asia have not materialized. In Thailand, the country thought to be most endangered, U.S. and Thai officials report that there has been no increase in the level of Vietnamese support for the Communist Party of Thailand (CPT) since the Vietnam War's end. Modest training and logistic support, including small arms channeled through Laos, have continued at roughly their previous level. Most Thai leaders attribute this reticence to expand support of the CPT to the preoccupation of the Vietnamese with the

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reconstruction and development of their own country, though some also note that Hanoi may view the CPT with a certain ambivalence, since the latter is closer to Peking than to Hanoi. In Malaysia, official American sources report that there is no evidence of any Vietnamese support for the communist insurgency. In fact, according to State Department and Pentagon sources, the Vietnamese have not only refused to supply captured U.S. weapons to guerrillas in Malaysia, Thailand, and the Philippines but have rejected purchase offers from such nations as Libya, Ethiopia, North Korea, Peru, Pakistan and Turkey. This restraint—and willingness to forego sorely needed foreign exchange—was attributed, at least in part, to Hanoi's desire to facilitate economic ties with non-communist nations and to avoid being labeled an "exporter of revolution."[3]

To be sure, some leaders in each of the five countries are concerned as to how long the Vietnamese will maintain their present restrained posture. Some Thais feel that Hanoi's reluctance to give more support to the CPT may be mainly a reflection of the fact that the insurgency's needs are quite limited at present. Indonesian leaders are resentful of Radio Hanoi's broadcasts supporting guerrillas in the former colony of Portuguese Timor who continue to oppose their territory's absorption into Indonesia.

But practically all of the leaders interviewed in the ASEAN countries agreed that, up to now, Vietnam's posture toward its non-communist neighbors has been remarkably conciliatory. It had been thought in 1975 that the new balance in Southeast Asia would consist of an ASEAN bloc confronting an Indochina bloc. In fact, the emerging balance has proven to be a much more fragmented one. The only confrontation has been within the Indochina "bloc" itself; indeed, given the intense hostility between Vietnam and Cambodia, one seldom hears mention of any Indochina bloc. Hanoi has established diplomatic relations with all of the ASEAN countries. The last of these was Thailand, with which harsh words were exchanged during 1977. Most observers would agree, however, that the delay in normalizing relations was mainly attributable to the extreme anti-communism of the Tanin government, which came to power after the October 6, 1976 coup in Bangkok; when the army leadership moved to replace Tanin a year later, tensions quickly dissipated and the normalization of relations with Vietnam was consummated.

Moreover, the ASEAN leaders are relieved to find that Vietnam

[3] *New York Times*, May 1, 1977.

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has not become as dependent on the Soviets as once feared, and that the prospects for a Soviet naval base at Cam Ranh Bay appear dim. Indeed, the best evidence of Vietnamese independence from the Soviet Union is the significant improvement in Hanoi's relations with Peking during the last year.

To a much greater extent than could reasonably have been anticipated in 1975, the Vietnamese have sought to facilitate the development of economic relationships with non-communist states. It is not just a matter of being more concerned with reconstruction than expansion. Although there are uncertainties as to how far the Vietnamese are prepared to go, they have indicated that they intend to base their economic development on a strategy that accords an important role to aid and investment capital supplied by non-communist countries.

Hanoi does, to be sure, attach more importance to economic relations with the major powers than with other Southeast Asian states; so, for that matter, does each of the ASEAN nations. The Vietnamese undoubtedly realize that only industrial powers like the United States and Japan can make a major contribution to the fulfillment of their country's pressing economic needs and, at the same time, help to provide a meaningful counterweight to dependence on the major communist nations. But it is inaccurate to suggest, as Gordon does, that Vietnam gives "very low priority" to economic cooperation with the ASEAN states and remains disinclined "to move to a new era in relations with its neighbors."

One should not confuse Hanoi's wariness of ASEAN as an organization with a reluctance to deal with the ASEAN nations. The Vietnamese have declined to deal with ASEAN as an entity because they have not yet rid themselves of the suspicion that the group, formed with U.S. encouragement, has an underlying rationale of anti-communism and may develop into a de facto military alliance. The Vietnamese are gradually coming to learn that ASEAN is dedicated primarily to economic cooperation, but given the recurrent reports that various ASEAN leaders believe the organization should play some sort of military security role, Vietnamese suspicions need not be dismissed as entirely beyond comprehension. Of course, one might argue that Vietnamese participation would be the best way to prevent ASEAN's becoming an anti-communist alliance.

In any case, Hanoi's attitude toward ASEAN has gradually softened from sharp opposition to non-approval. A secret report containing the five ASEAN foreign ministers' assessment of Vietnam in mid-1977 indicated a consensus that Vietnam is not hostile

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to the ASEAN grouping. Vietnamese reporting of last August's ASEAN summit meeting showed some signs of sympathy for the group. In informal discussions with a delegation of visiting Filipinos, the Vietnamese even hinted at the possibility of future cooperation with ASEAN, but said they needed time to gain a better understanding of the organization. More recently, they have suggested the formation of a larger regional organization embracing Burma and the three Indochina states, as well as the current ASEAN members; such a diverse membership, they contend, is necessary to demonstrate that the organization is intended only for economic cooperation, not for any ideological purposes. As an indication of their readiness to participate in regional groupings that are manifestly concerned only with economic cooperation, the Vietnamese have agreed to join the Association of Natural Rubber Producing Countries.[4]

The best indication of the extent to which the Vietnamese have sought to cooperate with non-communist countries, including their ASEAN neighbors, is the extraordinary range of economic relationships they have undertaken to establish with them. Of course, the Soviet Union has been by far the largest source of aid, and important contributions have come from China (whose share is expected to increase this year) and the East European countries. But there have also been significant contributions from France, Sweden and Japan, with small amounts provided by Australia and a half dozen West European nations. Hanoi's eagerness for U.S. aid has an economic, as well as political, rationale. From 1975 to early 1978, Hanoi was said to have raised some $300 million in commercial loans—much of it in short-term trade credits—mainly from French, West German and Japanese banks. Loans have been solicited from the World Bank and the Asian Development Bank (ADB). Vietnam has joined the International Monetary Fund (IMF), and in order to qualify for membership Hanoi had to make available financial data that the Soviets and Chinese, who have never joined the IMF, refused to provide. In taking Saigon's place in the ADB, Hanoi assumed all the "rights and obligations" of the former South Vietnamese government, which included meeting outstanding debt service payments covering the period since the demise of the Saigon government.

Perhaps the most surprising part of Vietnam's search for external assistance has been the country's strenuous effort, virtually

[4] On Hanoi's decreasing hostility toward ASEAN, see *Far Eastern Economic Review*, August 26, 1977, pp. 40–41; December 23, 1977, p. 11; and December 30, 1977, p. 7; on the proposal for an expanded regional association, see *ibid.*, March 10, 1978, p. 57.

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unique for a socialist government, to attract private foreign investment. In April 1977 Hanoi promulgated a remarkably liberal foreign investment code aimed at encouraging investment in three areas: oil, export-oriented industries, and manufacturing for the domestic market. Under this code, foreign investors are permitted to hold up to 49 percent equity in joint ventures producing for domestic markets and can maintain exclusive ownership and management of enterprises producing for export; production-sharing arrangements are to be utilized in the oil sector. Although there has been some concern among foreign businessmen about the relatively high tax rates and the shortness of the non-nationalization guarantee (10–15 years), the code contains an article specifying that the Vietnamese government can, in specific cases, approve "more advantageous terms in favor of the foreign party." The Vietnamese have made it clear that the code, already liberalized a good deal in response to the comments of foreign businessmen on an earlier draft, has been presented more as a basis for negotiation than as a strict set of rules to which foreign investors are expected to adhere.[5]

The Vietnamese have indicated a special interest in attracting U.S. oil companies. Oil represents Vietnam's best hope for overcoming its trade deficit, and the Vietnamese have made it known that they would prefer to work with U.S. companies, rather than Soviet or European ones, because of the Americans' superior technology and prior experience in the area.[6] Japanese participation in oil refining and petrochemical projects has been solicited, while Singaporean oil technology and equipment have been sought. Participation in Vietnam's oil development could bolster Singapore's ailing oil-support industries. The Vietnamese have voiced a desire to study the Indonesian experience in dealing with U.S. oil companies and also to send technicians to Indonesia to study fertilizer industry operations. Malaysia has agreed to send technicians to help with the development of Vietnam's rubber and oil palm industries.

Although 60 percent of Vietnam's trade is currently with the socialist countries, the Vietnamese say they attach considerable importance to increasing trade with their neighbors. In explaining Hanoi's refusal to join the Soviet-backed Council for Mutual Economic Assistance (COMECON), the Vietnamese Foreign Trade Minister asserted that his country's interest lay in developing trade with its Asian neighbors. Japan has already become Vietnam's

[5] *Ibid*, May 13, 1977, p. 40, and July 29, 1977, pp. 34–36.
[6] *Ibid*., February 20, 1976, pp. 36–37, and February 18, 1977, p. 5.

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number-two trading partner, close behind the Soviet Union.

The leaders of the ASEAN states, for their part, see numerous possibilities for developing trade relations with Vietnam. A Philippines Chamber of Commerce mission that visited Vietnam last year found the Vietnamese eager to import sugar, spare parts for U.S.-made tractors and other agricultural machinery, and other items, while high-grade anthracite coal was the most promising potential Vietnamese export to the Philippines. In January 1978 Vietnam concluded an agreement with Thailand on trade and economic/technical cooperation. This agreement, similar to ones reached with other ASEAN countries, was described as "more an expression of good will than a sign of impending major commerce," primarily because of Vietnam's lack of foreign exchange. Indeed, in each of the ASEAN countries, officials described Hanoi's lack of foreign exchange as the biggest obstacle to the development of trade with Vietnam. As an Indonesian cabinet minister noted, only if the Vietnamese could manage to get loans from a third party would Indonesia be able to sell Vietnam the fertilizer it wished to purchase.

IV

A question central to the future security of the ASEAN states is: what can be done to encourage the Vietnamese to hold to the conciliatory course upon which they are presently embarked? It is within this context that the question of normalization must be considered. The view that close relations with Vietnam are important for the security and stability of Southeast Asia is not, as Gordon has suggested, merely a "fixation" of the Japanese and a few individuals in Washington. Rather, it is the belief of a majority of leaders in the ASEAN countries, including many conservative military officers who one might expect would hold other views. For example, Thai leaders, including a broad cross-section of the army leadership, believe that Bangkok must now seek to achieve through the "traditional Thai" methods of negotiation and diplomacy the security it might earlier have pursued by relying on U.S. military power. In concrete terms, this means that the development of cordial relations with Vietnam and Cambodia stands at the top of the national agenda. Indeed, a failure to promote normalization of relations with Vietnam was one of General Kriangsak's major criticisms of his predecessor when he took power in Bangkok in October 1977. Although no one can guarantee positive results, there is a strong conviction in each of the ASEAN countries that the best hope of keeping Vietnam in a

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conciliatory mood is through the development of cooperative relations with Hanoi in a diversity of fields.

From the standpoint of the ASEAN leaders, it is important not only that they normalize their own relations with Vietnam—a process already well underway—but that the United States do so as well. The United States, they believe, can make an important contribution to the security of Southeast Asia if it carefully develops its political and economic relations with Vietnam and helps the ASEAN countries to do the same. There was unanimity among the Southeast Asians interviewed that it would be desirable for the United States to have normal diplomatic relations with Vietnam. There was also virtual unanimity on the desirability of Washington's providing economic assistance to Vietnam, subject to two conditions: (1) aid should not be so substantial that it makes the Vietnamese too strong, and (2) it should not come at the expense of aid to the ASEAN countries.

Those who contend that the ASEAN leaders oppose U.S. aid to Vietnam fail to discern the essential distinction relating to the magnitude of the aid to be provided. There has indeed been some concern in Southeast Asia that the two stipulated conditions might not be met—namely, that the United States would provide truly massive aid to Vietnam while ignoring the needs of the ASEAN countries. This concern has diminished considerably as the prospect of such massive aid has grown remote. Still, some Filipinos and Thais are bitter at the possibility that Vietnam may end up receiving more aid than countries that supported the United States in the war. Others, especially Indonesian army leaders, fear that the dynamic Vietnamese will be so successful in developing their economy that a decade hence other Southeast Asians may begin to ask whether they ought not to consider the Vietnamese model. Thai and Indonesian army generals observed that even if the Vietnamese receive no more aid than the ASEAN countries, they may well be able to use it more effectively because of the greater control they have over their society. Some senior officials, however, feel that if Vietnam appears to be making impressive progress, this should be viewed as a challenge that will spur the ASEAN countries to work harder themselves. Although the Japanese have drawn some criticism from the ASEAN countries for their leading role in developing economic relations with Hanoi, it is unclear what, if anything, this may imply about how the ASEAN leaders view the prospect of U.S.-Vietnamese economic relations. Criticism of the Japanese seems mainly to reflect a general distrust of them and, specifically, a fear that, in their pursuit of economic

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gain, they may favor Vietnam over the ASEAN countries.

But these concerns do not constitute opposition to Washington's providing any economic assistance whatever to Vietnam. A demonstration that the United States gives priority to ASEAN, rather than to Vietnam, does not require that Washington refrain from developing relations with Vietnam. On the contrary, the ASEAN leaders generally believe that modest U.S. aid to Vietnam would make an important contribution to their security by helping the Vietnamese become "respectable members" of Southeast Asian society and keeping their energies channeled into constructive paths. If, on the other hand, the Vietnamese were to become frustrated in their economic development efforts, they might become harder to deal with and turn to expansionism. Moreover, U.S. aid would reduce the possibility of any excessive Vietnamese dependence on the Soviets. It might even create a modest degree of dependence on the United States—for example, for spare parts—that could work to help preserve stability. Some feel that the United States ought to help build a stronger, more independent Vietnam in the hope that it might serve as a kind of buffer state that could help to maintain a regional balance of power and thwart any Soviet or Chinese thrust into Southeast Asia.

The central point is this: if the United States has an interest in the stability and security of Southeast Asia, then it has an interest in persuading Hanoi that its conciliatory policy of seeking cooperative relationships with non-communist states is viable. The normalization of U.S. relations with Vietnam could well be important, if not decisive, in determining whether Hanoi deems its conciliatory policy a success. Ties with Hanoi would open the way not only for U.S. aid but for a lifting of the trade embargo and the entry of U.S. oil companies, which would be of the utmost importance to the Vietnamese. Normalization would also encourage other investors, from the United States and elsewhere, to work with the Vietnamese. And it would help legitimize Japanese efforts to develop their economic relations with Vietnam, which, from the standpoint of Southeast Asian security, we have every reason to do.

Up to now, the response to Hanoi's search for aid and investment from the non-communist world has been lukewarm. Although the Vietnamese have worked hard to develop a diversity of sources, the amount of aid pledged and the response from private investors have been far below the country's needs. Especially disappointing to the Vietnamese has been the reluctance of the non-communist countries to give commodity aid or loans for

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equipment, as opposed to commercial loans and deferred-payment arrangements.[7]

We should be aware, moreover, that there may well be a limit to the time available for a response from the United States. As Douglas Pike has noted, the doctrinal issue of "how far Vietnam should go in subordinating ideology to economics in its external relations" has yet to be definitively resolved.[8] It is in the interest of the United States to act in a way that will strengthen the hand of Vietnamese moderates who seek to keep "economics in command." Recent reports from diplomatic sources in Hanoi indicate that the decision to adopt an open policy concerning economic relations with the West was taken over the objections of some senior leaders and a number of younger Moscow-trained cadres. There are indications that if the policy of openness proves a failure because of the absence of a response from the United States, there will be strong pressure to rely more heavily on the Soviet Union. There is already evidence that the Soviets look askance on Vietnam's open invitation to Western capital; they would prefer Vietnam's full integration into COMECON, rather than the intensification of its relations with non-communist states.[9] It would be most unfortunate if U.S. unwillingness to deal with Hanoi were to push the Vietnamese into Moscow's embrace.

V

If the impasse over the aid issue is permitted to prevent a normalization of U.S. relations with Vietnam, the United States will have missed an important opportunity to contribute to the building of a new structure of stability and security in Southeast Asia. It is, of course, a fact that the Congress is presently opposed to giving aid to Vietnam because this might seem to imply an admission of U.S. guilt in the war. But congressional opinion is not unchangeable. It is worth noting that a public opinion poll organized by *The New York Times* and CBS in mid-1977 showed 66 percent of the American people in favor of giving food or medical assistance to Vietnam and 49 percent agreeing to assistance in industrial and farm equipment. One might wish that Hanoi would simplify the political task in this country by separating the normalization and aid issues, recognizing that the chances of subsequently

[7] *Ibid.*, September 23, 1977, p. 30; October 7, 1977, pp. 113–114; and January 6, 1978, p. 68.

[8] "Vietnam in 1977: More of the Same," *Asian Survey*, January 1978, pp. 73–75.

[9] See Robert C. Horn, "Soviet-Vietnamese Relations and the Future of Southeast Asia," unpublished paper prepared for the annual meeting of the Western Slavic Association, 1978, p. 11 and also *Far Eastern Economic Review*, May 13, 1977, p. 42.

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arranging aid to Vietnam would be increased if diplomatic relations could be established without any gesture that could imply a U.S. admission of wrongdoing. But the Vietnamese, one may presume, lack confidence that such subsequent aid would be forthcoming; moreover, they claim that their own political realities—they must explain to their own people why the Americans are now being welcomed—require some indication that the United States wishes to help their country recover from the war's destruction.

One possible compromise might be for the United States to pledge aid when diplomatic relations are established but to assert (1) that this aid is given as a gesture of goodwill, not as the fulfillment of any obligation, and (2) that it does not constitute any admission of wrongdoing. If the Vietnamese want to tell their own people that this aid means the Americans are sorry for the destruction they caused during the war, does this really do any harm to U.S. interests?

The Vietnamese have made it clear that they are very flexible as to the forms in which U.S. aid might be given. It can, for example, be channeled through international agencies. It may well be that an appropriate first step for the United States in developing economic relations with Vietnam would be to help facilitate trade between Vietnam and the ASEAN countries by providing credits that could be used by Hanoi to purchase products from the other Southeast Asian nations. As already noted, Vietnam's lack of foreign exchange is a major barrier to the development of economic relations with the ASEAN states. These credits could be viewed as a form of assistance to the ASEAN countries as well, since they would expedite their exports. And such an approach would do a great deal to ease the minds of any in the ASEAN countries who fear that U.S. aid to Vietnam might come at their expense. This approach—in effect, channeling U.S. aid to Vietnam through the ASEAN countries—would greatly please the ASEAN leaders. Thai and Indonesian army generals, among others, described this as the "ideal" way for the United States to begin assisting the Vietnamese.

In the long run, the initial congressional reluctance to aid Vietnam may prove to have been useful. Because we have exercised caution in approaching Vietnam, it is more likely that the basis for the new relationship will be properly understood. Unseemly haste might have aroused fears on the part of the Vietnamese that the United States was seeking domination; it would certainly have aroused passions in the United States. Most impor-

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tant, it will be better in the long run for both sides if the relationship is perceived to be founded on mutual interests, rather than on the notion of reparations, as earlier demanded by the Vietnamese. A relationship seen as mutually beneficial is more likely to endure.

We should proceed, therefore, with the understanding that if we establish relations with Vietnam and provide modest economic assistance, we shall be doing this because it supports our interest in the maintenance of peace and stability in Southeast Asia. Relations with Vietnam ought to be viewed not merely as a bilateral matter but as an important step toward building a new regional system characterized by the diversity of relationships I have referred to as multi-alignment. Above all, we need to adopt a forward-looking approach. It will be most regrettable if the passions of the Vietnam War, which have already done so much damage to the fabric of American life, should now cause us to sacrifice a real opportunity to contribute to the creation of a new structure of security in Southeast Asia.

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Robert C. Christopher

THE U.S. AND JAPAN: A TIME FOR HEALING

If one is to credit the participants, the conversations that took place early in May between Prime Minister Fukuda of Japan and senior officials of the Carter Administration went swimmingly indeed. Japanese officials proclaimed the Prime Minister's visit to Washington "a great success." And after a luncheon meeting with Fukuda, Secretary of State Cyrus Vance declared: "The relations between our two countries are excellent. The strength of that relationship is the cornerstone—or pillar—on which our Asian policy is founded and it will remain so."

In so saying, Mr. Vance was merely reiterating a sentiment expressed by every U.S. President and Secretary of State for the last 20 years. With all respect to Secretary Vance, however, his pronouncement rested on shakier ground than those of most of his predecessors. For today, more than at any time since the Eisenhower years, there are potentially disturbing strains upon the Japanese-American relationship. And if, as one must assume, the Carter Administration does genuinely intend to retain the Japanese alliance as the cornerstone of America's Asian policy, prompt attention should be given to finding ways of easing those strains—or at least of avoiding their exacerbation. Otherwise, there is a distinct possibility that that cornerstone will before too long begin to show the effects of erosion.

This, to be sure, is not a perception widely shared within the Administration or among the U.S. public. On the contrary, most Americans regard our problems with Japan as matters of simple economics—so much so, in fact, that the *The New York Times* relegated virtually all of its coverage of the Fukuda visit to its business pages.

Journalistically, that was in some respects a thoroughly understandable decision. For in response to the assaults of their U.S. counterparts, Japanese diplomats and officials themselves have of late largely focused on the economic issues between the two countries. But the fact is that by no means all the strains between Japan and the United States are purely economic in origin and

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even those that are have, like all things economic, political implications.

Just how strong those implications are was forcibly impressed upon me when I visited Japan this spring. In all the years since Japan and the United States formally became allies, I had never heard from middle-of-the-road Japanese such outspoken criticism of U.S. policies nor such open questioning of the degree of U.S. benevolence toward Japan.

A hint of what I encountered in Japan was detectable in some of Mr. Fukuda's remarks during his stay in Washington. Though he promised to do everything possible to reduce Japan's trade surplus with the United States, Fukuda emphasized that the success of his efforts would be greatly affected by what the Carter Administration did about holding down the U.S. inflation rate and stabilizing the value of the dollar in relation to the yen. This, of course, was a not-so-oblique way of pointing out that responsibility for reducing the massive U.S. trade deficit rests at least as much upon American shoulders as upon those of America's trading partners.

Compared to the tough talk that used to be directed at Washington by Charles de Gaulle—or even that which has emanated more recently from Helmut Schmidt—Mr. Fukuda's remarks constituted a display of high courtesy. But in the Japanese context, they represented a significant new toughness.

Except in dealings with close friends or acquaintances, the Japanese characteristically suffer a conflict of interest in silence until at last they reach a "bursting point." As recently as early March of this year, Mr. Fukuda rebuffed one of his top subordinates who strongly urged the Prime Minister to point out to American officials that a lot of their balance-of-payments troubles were of their own making. Yet only two months later Fukuda, in essence, made precisely that point—and in public rather than private forums. Whatever else he may or may not be, Mr. Fukuda is a canny politician and it seems reasonable to assume that at least in part this reversal of course reflected his awareness that a significant number of his countrymen had moved appreciably closer to the bursting point on the subject of U.S. pressures upon Japan.

II

In almost any country except Japan, the bursting point on this particular issue would have arrived well before now. The suggestion that the Japanese have any conceivable grounds for resentment toward the United States will surely strike most Americans as

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extraordinary. But the objective situation, as our Marxist friends would put it, is that over the last decade successive U.S. Administrations have repeatedly displayed gross insensitivity to legitimate Japanese concerns and a conspicuous lack of respect for Japanese pride.

As the jargon phrase "Nixon shocks" attests, the originator of this pattern of behavior was Richard Nixon, who carried out both his de facto devaluation of the dollar and his historic reversal of U.S. China policy without making even a serious pretense at advance consultation with the Japanese. What is less well remembered in the United States, perhaps because no catch phrase was ever attached to it, is the fact that Nixon rode even more roughshod over Japanese interests in the matter of textile exports. In Japan itself, however, the seemingly permanent impoverishment of a once-flourishing industry serves to keep the memory of this classic case of beggaring thy neighbor very much alive.

As a senior official of the Japanese Foreign Ministry recently reminded me, however, Mr. Nixon's tough tactics over textiles did not at the time provoke any general resentment in Japan. Instead, the members of the Japanese establishment asked themselves what errors they had committed to provoke such wrath and how those errors might be repaired. To a large degree, this response simply reflected a realistic awareness of Japan's dependence on the United States for its military security and economic well-being. But at least in part it also reflected a psychological dependence stemming from the belief that the role the United States played toward Japan was that of an elder brother, sometimes stern but always well-intentioned.

Even today, it must be said, this set of attitudes is widely held in Japan—particularly among older members of the economic and political establishment. Both the president of one of Japan's largest industrial concerns and a leading conservative politician expressed their views of current Japanese-American tensions to me in almost identical terms; Japan, they said, was "at fault" for having concentrated its exports to the United States too heavily in a few product lines such as steel, motor vehicles and electronic equipment. And while they politely concurred in the suggestion that the United States too might be at fault for failing to curb its oil imports or to produce goods as acceptable to consumers as those it has been importing from Japan, they clearly felt that this was essentially irrelevant and that the central question was what Japan could do to appease American anger.

But widespread as it remains, such humility is no longer univer-

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sal among the members of Japan's centrist and conservative majority. At least one astute Japanese bureaucrat argues that the seeds of doubt concerning U.S. readiness to come to Japan's aid in time of need were planted at the time of the 1973 oil crisis. The Arab oil embargo and the subsequent OPEC price increase lent new horror to a specter that has long haunted the Japanese psyche: Japan's almost total dependence on imported raw materials and energy. And given this special sense of vulnerability, the fact that the United States made no particular provisions to help Japan cope with the oil crisis and its aftermath inevitably raised in some Japanese minds a nagging question about the strength of the American commitment to Japan.

III

Unhappily, since the advent of the Carter Administration, the seeds planted in 1971 and 1973 have sprouted shoots. Mr. Carter's original program for Korean troop withdrawals and the emphasis that he and some of his subordinates have placed on strengthening NATO's military posture led some Japanese bureaucrats and geopoliticians to question whether Asia still played a central role in American strategy. Reportedly, Mr. Fukuda came away from his Washington trip reassured about the sincerity and durability of the U.S. commitment to Asia, but it is clear that Japanese fears on this score could be revived by a single ill-considered or inadequately explained policy decision in Washington.

Another issue that could come back to inflict major damage on U.S.-Japanese relations had its origins in Mr. Carter's decision to try to forestall further nuclear proliferation by securing worldwide renunciation of the use of fast breeder reactors. Whether Mr. Carter was aware of the considerable investment the Japanese had made in a prototype breeder reactor plant at Tokaemura when he launched his campaign is unclear. What is clear, according to one of the Japanese diplomats involved, is that the U.S. officials designated to negotiate the Tokaemura question came to their task almost totally unaware of the supreme importance that the Japanese government and much of the Japanese public attach to developing an alternative to oil as a primary energy source. And while the Americans concerned have subsequently developed such awareness, it is still questionable whether they understand the Japanese feeling that to be totally dependent on the United States for nuclear fuel would mark only a limited improvement over being totally dependent on the OPEC nations for oil.

As a consequence of these blind spots, the Carter Administration

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succeeded for a time in creating a political situation unprecedented in recent Japanese history. So intense was public outrage at the U.S. stance on Tokaemura that Japan's previously vocal opponents of reliance on nuclear power abruptly fell silent. More remarkable yet, the Japanese press, which normally regards it as a sacred duty to oppose the country's Liberal Democratic rulers on all issues, unanimously rallied behind the government on this one. With some bemusement, one senior Japanese bureaucrat recalls that at the height of the Tokaemura uproar Japan's negotiators had to avoid any show of accommodation toward the Americans for fear that the press would accuse them of betraying the national interest.

Since then, the uproar has subsided, allayed by a "compromise" that provides for a joint Japanese-American search for alternate technologies to the one originally intended for use at Tokaemura. But one young Liberal Democratic parliamentarian, a man whose influence seems certain to grow with every passing year, bluntly declared: "A few of us who know that this compromise will mean a three to four year delay in Japanese development of nuclear energy are still very angry." If his prediction proves true, there is an obvious danger that in due course the majority of Japanese rather than just a few may come to see the United States as one of the forces contributing to Japan's energy problem.

Meantime, a significant number of Japanese, if not a majority, already see the United States as a major contributor to international economic instability. Among economically sophisticated Japanese, it is an article of faith that the United States has made a particular and deliberate effort to depreciate the dollar vis-à-vis the yen. And the harsh pressures that the Carter Administration brought to bear on Japan in last winter's confrontation over the trade surplus inevitably aroused resentment. Among Japan's political elite, it is common talk that U.S. Trade Negotiator Robert Strauss confronted Japan's Minister of State for External Economic Affairs, Nobuhiko Ushiba, with "crude threats." This charge may, of course, reflect no more than the difference between the prevailing modes of discourse in Texas and Tokyo. But however Strauss may have comported himself, it is an undeniable fact that when Ushiba visited Washington late last autumn, a group of U.S. Senators assailed him on the trade issue in essentially these words: "Remember, the United States doesn't need Japan, but you do need us."

Like the Tokaemura hubbub, the trade surplus dispute has now cooled off considerably. From the Japanese point of view, the United States made no major concessions of substance during the

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Fukuda visit to Washington. Indeed, even before Mr. Fukuda arrived, it had been made plain to him that he would not achieve one of his primary objectives, which was to persuade the U.S. government to intervene actively in currency markets to check further appreciation of the yen against the dollar. Since the United States has for some time intervened in the market on behalf of the West German mark, the Japanese might with some legitimacy have charged discrimination. Instead, they chose to take comfort from the fact that the language used by senior American officials in their conversations with Mr. Fukuda and his aides was, in contrast to the tough talk of last fall and winter, refreshingly moderate.

How long this equable tone will be maintained, however, is uncertain. For the fact is that U.S. expectations concerning the extent to which Japan can reduce its trade balance this year are almost surely unrealistically great—and this is particularly true of the expectations of U.S. industry and its friends in Congress.

To be sure, Mr. Fukuda continues to insist that the Japanese economy will achieve a seven percent growth rate this year—a goal whose realization is generally regarded as crucial to any significant reduction in Japan's trade surplus. Many private economists, both in Japan and in the United States, however, believe that the seven percent figure is unrealistically high. For one thing, the steep upward appreciation of the yen in recent months, gratifying as it has apparently been to the Carter Administration, will inevitably have a deflationary impact upon Japan's domestic economy. And that, of course, will inhibit the economic expansion Washington has so vigorously urged upon the Japanese.

The international monetary situation could also adversely affect Japan's drive for growth in yet another way. Fukuda's primary device for stimulating the Japanese economy is a vast increase in government expenditure, but precisely how much effect such government expenditure has will depend in considerable part on the behavior of Japan's traditionally cautious consumers. The rate of personal saving in Japan is already the highest in the world and the consensus of most Japanese economists is that another cycle of instability on the part of the dollar would further impair the economic confidence of ordinary Japanese and lead them to save even more. (If that seems to argue an uncommon degree of economic awareness on the part of the Japanese man in the street, so be it. When, lacking yen, I offered a dollar tip to a Tokyo bellboy last March, he stared at the proffered bill and remarked sadly: "Getting smaller, smaller.")

In any case, whether Japan does or does not achieve seven

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percent economic growth is a matter of only academic concern to those U.S. businessmen and politicians who have complained most loudly about Japanese imports. What they want to see is a reduction in the Japanese trade surplus with the United States and, even more important, a reduction in the flow of Japanese goods into the United States. And on that score the omens are mixed.

Thanks to measures taken by the Fukuda government and by Japanese industry, Japanese exports to the United States have already dropped significantly both in terms of yen value and of physical quantity. But because of the depreciation of the dollar vis-à-vis the yen, they have not yet dropped at all in terms of dollar value and may even show no decline for this year as a whole.

This, of course, is a situation that can scarcely fail to cause public confusion. As evidence of that, trade figures released by the Japanese government in April of this year showed that between November 1977 and February 1978 Japan's exports had already declined somewhat both in quantity and in yen value. Yet *The New York Times*, drawing its conclusion solely from the dollar figures involved, reported that Japanese exports "continue to expand vigorously."

If the *Times* can be misled by this statistical paradox, millions of ordinary Americans will certainly be misled as well. And those U.S. businessmen whose primary concern is to fend off Japanese competition by all means possible can be expected to use the dollar figures to justify fresh demands for protectionist measures. By late this year, then, if it appears that Japan's trade surplus with the United States as expressed in dollars will approach last year's massive nine billion dollars, it is not unlikely that loud protectionist outcries will once again be heard in the Congress. Should that occur, we might well see renewed Administration pressure on Japan for tighter "voluntary" export controls and even what are euphemistically referred to as "structural changes" in the Japanese economy.

In my view, any such course of action on the part of the United States would carry with it the danger of inflicting serious damage on the Japanese economy. What tends to get overlooked in all the heady talk about seven percent growth is that Japan's economy is today in disturbingly fragile condition. The overall level of corporate profits in the United States last year was 40 percent higher than in 1973; in Japan, it was 20 percent lower. A quarter of all the firms listed on the Tokyo Stock Exchange are currently operating at a deficit and the rate of business bankruptcies in 1977 was the highest in Japanese history. "The present state of our industry,"

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lamented the Nomura Research Institute in a paper published last February, "may be compared to that of a barrel that has come to the edge of Niagara Falls."

Some of Japan's current economic problems admittedly are of a purely cyclical nature—but some are of a basic, long-term nature which can probably only be solved by fundamental alterations in the way the Japanese economy functions. Peter Drucker dealt ably and at length with these long-term challenges to Japan's economic stability in a recent article in this magazine.[1] Accordingly, I will not dwell on them except to note that two of these phenomena—the increasing difficulty of maintaining Japan's traditional system of lifetime employment and of finding suitable employment for Japan's burgeoning army of college-educated youths—also constitute potential social and political problems of a serious order.

What all this suggests is that simply to deal successfully with the economic problems they already have will require all the ingenuity the Japanese possess. If, in this situation, the United States were to complicate matters by insisting upon measures that would require a drastic reordering of Japan's export-oriented trade structure, it is not inconceivable that Japanese industry—and the Japanese economy—might, in fact, go over Niagara Falls.

IV

So far, the Japanese reaction to the often cavalier treatment that country has received at the hands of the United States over the past decade has been, as I suggested earlier, remarkably mild. Among Japanese political observers of my acquaintance, there is virtually unanimous agreement that in the last year or two nationalist sentiment in Japan has visibly increased. (One sign of this has been a significant increase in public support for the long-suspect Self-Defence Forces.) But up to now, what has manifested itself has been nationalism of a nonaggressive, essentially healthy variety totally lacking in anti-American overtones.

Whether such reasonableness would endure in the face of serious economic difficulties which were perceived as U.S.-induced, however, is another question. For one thing, widespread economic distress could well undermine still further the strength of the Liberal Democratic Party, whose hold on the Japanese electorate and control of the parliamentary process has been eroding for some years now. Whether an effective alternative to

[1] See Peter F. Drucker, "Japan: The Problems of Success," *Foreign Affairs*, April 1978, pp. 564–78.

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the LDP could be put together is highly arguable. And if economic instability were to be accompanied by political instability, the ultimate public response in Japan could well take forms that the United States would find unwelcome.

It appears to be an article of faith with many Americans that, come what may, Japan will remain a U.S. ally because it has nowhere else to go. That proposition, however, is valid only if one assumes that the Japanese will inevitably retain their present devotion to democracy, an open society and material well-being.

All present evidence would suggest that the Japanese will, in fact, remain devoted to those things. But it is worth remembering that there are other aspects to Japanese society too—dedication to consensus, a predilection for social discipline, a strong emotional pull toward China and, among the young in particular, considerable Marxist influence. And in a prolonged period of economic and political unrest it is impossible to predict how all these forces might interact or what role rationality would play in the process. As Zbigniew Brzezinski once wrote: "Japanese society can be said to be characterized by a kind of metastability, that is to say a kind of stability that appears to be extremely solid until all of a sudden a highly destabilizing chain reaction is set in motion by an unexpected input. . . . [And] once instability is set in motion, insecurity tends to intensify the instability."[2]

It would be alarmism of the highest order to suggest that the kind of chain reaction described by Brzezinski is either imminent or inevitable in Japan. And it would be equally wrong to ignore the fact that the manner in which the United States has handled its relations with Japan in recent years has had its positive side. However unintentionally, the vagaries of American policy have served to wean the Japanese at least in some degree away from an excessive psychological dependence on the United States. Says Liberal Democratic parliamentarian Yukihiro Ikeda: "World War II is finally over. We do not wish to deny our reliance upon the U.S. in security and economic matters. But we *will* speak out. And we are ready to assume a greater role in the world."

This, however, in no way indicates that more of the same medicine will also have positive effects. To continue operating on the assumption, unspoken and perhaps even unconscious, that Japanese interests, however important, must invariably give way to perceived U.S. interests, however debatable, can only create a risk that Brzezinski's chain reaction may one day become painful reality.

[2] *The Fragile Blossom: Crisis and Change in Japan*, New York: Harper and Row, 1972, p. 16.

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Happily, moreover, the abandonment of that assumption would involve no compromise of truly fundamental U.S. interests. With a handful of relatively painless measures, Japanese-American relations could be vastly strengthened. The Carter Administration should lose no time in seizing upon and developing to the fullest degree possible Mr. Fukuda's ideas for joint development of alternative energy technologies. It should avoid any word or deed that, even by inadvertence, suggests that Asia plays a secondary role in American considerations. Most important of all, the Administration should cease to play games with the yen and eschew further confrontation over the Japanese trade surplus—a phenomenon that Dr. Lawrence Klein, once Jimmy Carter's principal economic advisor, has flatly dismissed as "not a principal reason for America's balance of payments troubles."

To say that all this would be relatively painless is not to say that it would be totally so. On the trade front, Mr. Carter would have to be prepared to put up a tougher fight than he hitherto has against the neo-protectionists—and that would have its political price. But the President has rarely hesitated to take on vested political or economic interests when he felt his cause was just. And the buttressing of relations with a principal U.S. ally, which also happens to be a pivotal factor in the world balance of power, would seem to be a just cause indeed.

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COMMENT AND CORRESPONDENCE

ETHICS AND INTELLIGENCE

To the Editor:

Mr. E. Drexel Godfrey's discussion of "Ethics and Intelligence" in the April 1978 issue of *Foreign Affairs* is timely in the light of the Senate's consideration of S. 2525, intended to restate and revise the statutory authority for the foreign intelligence mission, and against a background of President Carter's Executive Order 12036 of January 24, 1978 having the same purpose. Both set limits on how the mission is to be carried out, based on implicit ethical standards.

Mr. Godfrey's remarks are addressed to foreign intelligence and not domestic, to secret intelligence rather than overt, and primarily to the CIA and not the other agencies engaged in secret foreign intelligence. His remarks are focused on intelligence (including counterintelligence) operations and secondarily on covert action operations. The principal points he makes are these: that intelligence collection from human sources involves unethical methods, which are also ethically damaging to the collector; that the intelligence so collected and the covert action operations undertaken are of dubious value to the national interest; that both should be drastically reduced and the operational objectives accomplished by other methods which he proposes of a higher ethical standard.

Mr. Godfrey writes from 13 years' experience in the CIA Intelligence Directorate. I write from 19 years' experience in the Operations Directorate (sometimes called the Clandestine Service), most of which was in field duty and the conduct of intelligence and covert action operations.

Before discussing Mr. Godfrey's main points, I must question some of his more general background statements. Contrary to his assertion that covert action became the "bread and butter" of the CIA during the 1950s and 1960s, the then CIA Director, General W. Bedell Smith, made it clear that "early warning" was the first mission of that Agency, and that was never changed up to the time I retired in 1970. I know of no case where officers who succeeded in operations of "questionable morality . . . were as often rewarded with promotions as reprimanded for using dubious methods." Mr. Godfrey's statement that this was true would seem to call for supporting specifics. I *am* among those who recently expressed dissent to the present CIA Director's method of carrying out his reduction of personnel in the Operations Directorate. But I know of no "smear campaign" against Admiral Turner among those who objected to those cuts, as Mr. Godfrey claims, and if their purpose was malicious or concerted, as he strongly implies, Mr. Godfrey ought to substantiate his statement.

Mr. Godfrey's primary concern is directed to the methods used by the Operations Directorate in collection from human sources. He refers to "bizarre" and "questionable" methods, "distasteful tasks," "repugnant activities," but other than his commitment in favor of "truth" and against "assassination," the applicable ethics are not specified or cited. Let me try to fill the void. In the collection of domestic intelligence and within U.S. territory, the federal and state constitutions and laws embody much of our ethics. Only to a limited extent do those laws assert jurisdiction over the prosecution of our foreign policy and the actions implementing that policy which are taken outside of the United States.

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Beyond our laws and outside of our territories, our personal ethics still prevail. Those are largely taken from individual convictions based on our religious, ideological, cultural (including political and philosophical) background and environment. Such ethics vary widely. As Mr. Godfrey acknowledges: "One man's ethical floor may be another's ethical ceiling." Most ethical systems usually govern man's relationship to man, and his relationship to his religion or deities. There are a few philosophers, such as Confucius and Plato, who outline ideals of man's relationship to the state. The ethics of the state in its relationship to its citizenry vary with the widely divergent ideologies, and the ethics of the relationship of the state to other nation-states is equally amorphous. There are international treaties and agreements authorized by our government as well as international written conventions to which our government unilaterally subscribes or supports.

Beyond that, the ethics of the state are different from the ethics of its citizens who administer the state. The New Testament injunction runs: "Render therefore unto Caesar the things which are Caesar's; and unto God the things which are God's." As Professor Sidney Hook, the noted philosopher, points out in his discussion of "Intelligence, Morality and Foreign Policy" in the March-April 1976 *Freedom at Issue,* there are responsible and respected authorities who believe that the standards of morality in private and public life are profoundly different. It is Hook's own belief that moral values are invariant, but that there are areas where such standards may conflict and the application of a moral standard in a particular situation must yield to another equally valid. Our cherished freedom of speech does not embrace the right to incite to riot and lynching. The state, acting under the authority of its citizenry, has functions with ethical implications, which are uniquely that of the state and denied to its citizens. The citizen is bound by the man-made and moral law that "Thou shalt not kill," but the state is authorized and directed to kill in defense of its territorial integrity and the lives of its citizens through the military and police. In the nuclear and supersonic age, our foreign policy and its implementation have become a special responsibility, and foreign intelligence is simply an operating tool of that foreign policy. We may be dedicated to the moral ideals of peace, self-determination and human welfare, but in the attainment of those ideals, there is the overriding ethic of all nation-states, namely survival. A second ethic is furthering the state's interests in its relationship with other states.

There may be differing moral views on any one foreign policy. Some have thought that our involvement in the Vietnam War was immoral; others thought quite the contrary and that our disengagement was immoral. We made common cause with the U.S.S.R. during World War II because of a common enemy. We proclaim our dedication to human rights in other nation-states (albeit selectively) and try to improve them through the leverage of political pressure and our economic and military aid. At the same time we insist, through remarkable double-think and double-talk, that we are not violating the equally accepted principle of nonintervention in the affairs of another nation.

Nevertheless, within the parameters of any particular application of our morality and ethical ideals in our foreign policy, intelligence is useful. This has been true of nation-states going back to antiquity. Today the dangers are more varied and the risk of damage to the national interests may be even greater. When the CIA was organized in 1947 as the first peactime civilian intelligence agency in our history, our freedom and that of our allies was threatened by an international monolith with a well-organized program of

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expansionist action through overt and clandestine means. That monolith has broken, but the world is no less dangerous in the face of new threats in the form of nuclear and supersonic intercontinental weaponry, international terrorism and drug traffic. The world is made up of more than three times as many nation-states as in 1947. Many of the newer states are unstable internally and their foreign relations threaten our own interests.

Hence, there can be little serious doubt that in today's world an ongoing and substantial foreign intelligence operation (including counterintelligence) is not just desirable but essential. As to covert action, even the critics of some past operations such as Senator Church, as well as the Senators sponsoring S. 2525, acknowledge that covert action (called "special activities" in the bill) may be authorized in cases where such action "is essential to the national defense or the conduct of foreign policy." And it is further generally agreed that for operational reasons alone the three forms of activity—intelligence, counterintelligence and at least covert political action—belong under the same organizational umbrella, as part of what I have called more broadly "the intelligence mission."

Given these postulates, it is axiomatic that the conduct of the mission must be secret, because much of what is presently or potentially threatening or otherwise inimical to our interests is held in secret from us and is only obtainable by secret methods. The indispensable attribute of secrecy is itself a national ethic ("a form of morality," in Hook's words), just as the secrecy of the ballot box and of grand jury proceedings are accepted precepts of our national morality. Yet, we are the only nation-state which feels it necessary to justify our intelligence operations by legislative and published executive proclamations, and to defend the secrecy needed.

The remaining question is in the methodology employed. There can be no quarrel that truth is the overriding quality of the intelligence product, "truth" meaning the intellectually honest perception of the results of intelligence operations reported as objectively as possible, without fear or favor of the recipients of the report, and without personal bias. This is vital at the first link in the chain of intelligence, the report by the collector, through the successive links in its evaluation and ultimately dissemination to the operating levels and policymakers. The quality of truth is equally applicable to the intelligence officer reporting fully and frankly to his superiors on operational action taken. This has long been accepted as an article of faith for those within the Clandestine Service, to which there can be no exception. Total internal candor is, if anything, *more* essential, and *more* insisted upon, in clandestine operations than in most human pursuits, since the officer is usually acting alone and has exclusive contact with a human source; the information that he reports and his account of the operational action taken may not be susceptible of independent corroboration or collateral confirmation. Others must necessarily act on the integrity of the first officer in the chain.

The quality of truth is *not* an inherent characteristic of the operational methods employed. Quite the contrary, the concealment of U.S. governmental interest from those not made privy to the operation is mandatory. Employment cover for the intelligence officer is a deception by definition. Further, in the case of covert action, it is necessary to contrive a facade to conceal governmental interest in the action taken.

What clearly troubles Mr. Godfrey most is found in the relationship of the clandestine officer to a human source. He says that: "The former's bread and butter is in the subversion of the latter's integrity," that the officer is "trained in

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techniques that will convert an acquaintance into a submissive tool, to shred away his resistance and to deflate his sense of self-worth." Mr. Godfrey manifests equal concern that in so doing, the officer's own ethical scruples will suffer.

I respect those like Mr. Godfrey who work in the Intelligence Directorate, trained and skilled in the collation and evaluation of intelligence from all sources, and converting it into finished and usable intelligence. Because of the security considerations requiring compartmentalization even within the CIA, those in the Intelligence Directorate have little direct acquaintance with the methodology employed within the Clandestine Service or the identity of sources. But I would have thought even by limited and indirect association, Mr. Godfrey would have gained a more realistic appreciation of the facts of operational life, since his is more akin to James Bond and the writings of Graham Greene than reality.

One objective of the Clandestine Service officer is to recruit human sources with direct or indirect access to secret information, or to take part in a covert action plan. This recruitment process is not frivolous or aimless, but directed at certain types of information specified in requirements levied on the Clandestine Service. In foreign countries, the source or agent is usually a native. Hopefully, he or she will be a continuing and long-term source. He or she must be capable of maintaining the necessary secrecy or cover needed. The collection of such intelligence usually involves violating the laws of the target foreign country, possibly including treason, unlawful entry, secrecy laws, bribery, which could subject the source and the officer to harsh penalties if the relationship or the operation were compromised and brought to the attention of the target government. The source is well aware of the risks he takes in terms of governmental penalties, aside from being stigmatized as a betrayer of his nation.

The men and women who will act as sources for the intelligence officer are not all depraved or weak and eager to betray their country for 30 pieces of silver. They often volunteer their cooperation gratis. They may be found at every political, social, economic and occupational level of a society. They are willing to assume the risks involved for a variety of motives, some of which Mr. Godfrey might find commendable. There are some indeed who act for money, from avarice, to meet their needs from want or poverty, or simply as compensation for time and work and risks. Others act in a spirit of excitement or adventure, or for personal emotional motives, and expect or receive little or no compensation, which Mr. Godfrey might consider amoral. And still others act out of deep-seated religious and ideological convictions to furnish the truth or secrets of oppressive political systems, or to neutralize or counter the plans of their own or other governments which might endanger the peace of their own country and that of others. Mr. Godfrey might commend the ethics of such individuals.

In short, the motivation of potential sources is as varied as man. They act in their own interest or that of their own ethical systems. They cannot be converted into puppets, and any potential source who blindly accepted direction without regard to the source's own appreciation of the difficulties and the risks involved in any particular operation would endanger the source himself, the intelligence officer and the operation. To give arbitrary or peremptory direction to a source would be offensive and unacceptable to most sources. In almost all cases, the relationship involves the source's respect for the personal integrity and the professional competence of the officer. It is not uncommon for the officer and

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his source to develop considerable personal affection and respect for each other beyond the scope of the intelligence relationship.

I have never heard the term "controlled source" used in the sense that the officer has absolute control, as Mr. Godfrey indicates, that the source is to be "owned lock, stock and barrel" and that the source is bound by "a psychological web" that can be tightened "whenever possible," a concept more romantic than realistic. The term "controlled source" is simply a professional label used to describe an intelligence agent who is conscious of U.S. governmental interest, who has had training and experience, and who is ready to cooperate with a Clandestine Service officer other than the one who recruited him.

All experienced intelligence officers know that there is no absolute control over a source, if the source is unwilling to risk his life, his liberty or his position in his society for what he or she considers an unworthy objective, or in an operation which he believes to be too risky. Others will not cooperate beyond the originally agreed limits. Thus, a source may be willing to collect intelligence and unwilling to take covert action, or vice versa. Beyond the realm of fiction and late-night TV films, there is rarely to be found any effective means of exercising absolute control, even by such lurid devices as blackmail, exposure of offensive relationships or personal habits of the source.

Mr. Godfrey shows great concern that in obtaining and using human sources, the intelligence officer will himself suffer moral damage, that his operational habits will induce "an amoral way of life." I know of no evidence that would justify such concern. The intelligence officer is aware of the difference between compliance with the law and conformity with his own ethics and morals as well as similar differences in his personal life from that of his professional life. This is not to say that such officers are supermen without the usual fallibilities of all men. The military officer is trained in the art of destruction of persons and property, yet few are so subverted by their occupational life that they will murder for pleasure or profit. Some policemen become thieves and burglars, but this does not mean that their wrongdoings are due to their occupational training and conduct. I have known many intelligence officers, past and present, who have had intensive experience in recruiting and handling human sources and covert action agents. They are not, in my perception, different from those engaged in overt occupations in their outlook or in their private lives. Many of them have strong personal convictions and find their professional work directly supportive of their own moral and ethical ideals.

There can be little doubt that intelligence officers recruiting and handling sources and agents in the field are under considerable nervous strain. This is especially true of the intelligence officer under unofficial cover and those in countries with governments with hostile ideologies and foreign policy. There are a few who find the risks of their clandestine life an unacceptable strain, and some find it difficult to manage the dual life that the intelligence officer needs in foreign countries. These few may resign, usually quietly, and even fewer in righteous protest because of moral considerations.

But whether they resign early for such reasons or serve until their retirement or leave to go into other occupations, there is little evidence of any residual damage in their lives thereafter. I am a member of an organization of CIA retirees, and another organization made up of former intelligence officers from all agencies in the intelligence community. They are not unlike a group of engineers, businessmen or teachers who find common ground in their common experiences and devotion to their former occupation.

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Mr. Godfrey disclaims being an "ethical absolutist" and acknowledges that "ethical compromises" and "value trade-offs" are probably the best that most people in an uncertain world will accept. To that end, he makes a series of proposals for curtailing and revising the CIA's operational charter and policy. Briefly, he recommends an abolition of the political operations capability, evidently considering that to be the only form of covert action or the only one worth mentioning. He suggests that U.S. intervention abroad could be accomplished by recruiting "private citizens" on the basis of ad hoc arrangements. To say that the proposal is unrealistic is an understatement. Aside from the serious question of the availability of such citizens who are able and willing when needed, it can safely be said that the ability of such citizens to carry out a clandestine operation, without compromise of the operation, is highly doubtful and the risk of exposure and the consequent damage would be correlatively high.

Mr. Godfrey also proposes that counterintelligence should be organized on a "purely defensive basis"—I was under the impression that it was by definition—and that it should be limited to foreign operations directed against the U.S. intelligence services and their technical capability. Apparently, Mr. Godfrey takes no cognizance of hostile intelligence service operations against the secrets of the rest of our government and society, or of hostile service operations involving covert action.

Mr. Godfrey further urges that human source collection be phased down and greater reliance be placed on technical collection. He believes that the human source collection needed to complement technical collection could be done through "open dialogue"—it is not clear with whom—and that third-country officials could be "assiduously cultivated" in an "open and reciprocal manner" by offering U.S. intelligence in trade. He further suggests that high-level intelligence could be collected by stationing a CIA officer in the target country for a long term using "the old-fashioned method of diplomatic dialogue," replacing or supplementing the State Department/embassy political officers. Such an officer would be expected to "cultivate openly the widest circle of acquaintances and report selectively to CIA headquarters and the ambassador." Leaving aside the feasibility of reducing the embassy function, it is difficult to envision how, if such an officer were not to be identified as CIA, his cover could be maintained on a long-term basis, or why any target country, particularly one hostile to us or neutral, would accept such an officer as part of the U.S. official representation or allow him to remain indefinitely.

Moreover, none of the foregoing operational methods proposed by Mr. Godfrey actually meet his own ethical objections—if they are to be conducted by Americans, acting for our government, whether they be gifted amateurs or professional intelligence officers, drawing on citizens of other nationalities who must be persuaded to act on behalf of the United States. Even if those methods were effective and produced the needed intelligence, the ethical objections would remain regardless of the number of foreigners used. In effect, Mr. Godfrey is suggesting that as a nation, we should become and remain just a little bit pregnant.

A few comments are in order on the relative value of technical intelligence compared with human source intelligence. There is no dispute that the former is growing in importance and value, relatively and absolutely. But the most critical intelligence remains that which is not readily ascertainable by photographic, electronic and other technical means, that is, the intention of those

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who threaten our security and our foreign and domestic interests. Once such a government begins its action on the basis of such intentions, defense and counteraction may be too late. It cannot be emphasized too strongly that irreversible damage to our interests can be accomplished in minutes. Mr. Godfrey doubts whether such hostile intentions have been revealed in the past with any great degree of success. Whether publicly revealed or not, there can be little doubt that Penkovsky furnished valuable intelligence not then available to technical collection. I know of two cases in which our government was alerted to valuable intelligence by human sources which led to confirmation by technical means. Above all, the degree of success in collecting critical intelligence from human sources is not the measure of its importance. I know of no way to estimate the value of intelligence vital to the national interests in terms of men, money and matériel.

Technical collection is not perfect. It is subject to malfunction, atmospheric and electronic interference which may be accidental or contrived, as well as deception. It may safely be surmised that the American and Israeli intelligence services had good technical coverage of the Egyptian military forces during 1973. But when the Egyptian forces jumped off to cross the Suez Canal, both the United States and Israel seemed to be surprised. Only after some time and considerable losses was Israel able to arrest the Egyptian advantage.

Lastly, we should recognize that the use of technical collection does not obviate the use of foreign agents when done in foreign countries. Agents may be needed to install a microphone, take a photograph, or maintain and replace any technical equipment.

Parenthetically, despite what we may assume to be a high level of Soviet technical collection, they find human source collection rewarding in individuals like Fuchs, Philby and others.

Mr. Godfrey urges stronger limit setting to protect ethical standards in the intelligence collection process. Certainly this is the prerogative of the Congress as well as the executive, both at the presidential level and that of the Director of the CIA. But to publicly prescribe limits on methodology beyond the Constitution and laws applicable to all government officials is unnecessary and detrimental to the national interest. The genius of the intelligence methodology is in the range of the unconventional methods employed, a range that permits the attainment of national objectives that may go beyond the scope of overt action. To publicly restrict such methodology tells adversary nations which methodology they can more securely employ. It does not deny to our adversaries their own use of the methods we proscribe for our own intelligence services. It also publicly tells friendly nations, which look to us to share the effort in protecting all of us against common adversaries, that we are unwilling to do what is needed in the common interest. The moral righteousness that we may enjoy in the ethical basis for such restrictions offers cold comfort to our friends. And, it should be observed, any change in announced executive restrictions cannot be readily accomplished to meet new threats and new situations without prolonged resistance. In the case of legislative restrictions, such changes could take even longer.

There may be a need for a written code of ethics for the craft of intelligence itself, which would be within the Constitution, the laws and the executive directives, but transcend them. Such a code should be stated in positive terms, and articulate a sense of professionalism and its value to the nation and the

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importance of the work. Such a code should set positive standards of excellence, quality and pride in the craft. It would, at the same time, reserve to the individual intelligence officer both his obligation to the Constitution and the laws (including the right and duty to report transgressions of those and of the code of ethics itself) and his own personal code of ethics and morality (including the right to resign from the service without discredit when he finds that his assigned duties are not acceptable by personal standards). The effective strength of such a code would not depend on management, supervision and disciplinary action for violations, but on self-discipline, a pride in the craft, a sense of accomplishment and a contribution to the nation, the satisfaction of a job well done, and, perhaps most important, the respect and approval of colleagues and their scorn for those who violate the code.

Since 1949, there have been at least 11 different formal executive branch inquiries into the functioning of the CIA, both directly and indirectly, in whole or in part, with published reports. In the same period, there have been three major inquiries by the Congress with published reports. It is not surprising, in the aftermath of Watergate and Vietnam, that there should be prolonged public discussion in the overweening desire for open and pure government.

Yet, the past and current investigations have undoubtedly damaged our relationships with other nations and friendly intelligence services. More important, the capability of our own intelligence service has been reduced and the morale of its personnel has been hurt. It is time for definitive decisions to be taken by our government as to whether and what kind of an intelligence service is needed to meet the national interest in the conduct of foreign relationships.

In this prolonged discussion, we would do well to consider the so-called Murphy Commission Report of 1975 on the "Organization of the Government For the Conduct of Foreign Policy." The Commission (which included leaders of both houses of Congress and respected private citizens) reached the following conclusion as to the role of covert action, a conclusion at least equally applicable to intelligence and counterintelligence:

> . . . we must live in the world we find, not the world we might wish. Our adversaries deny themselves no form of action which might advance their interest or undercut ours. In many parts of the world, a prohibition on our use of covert action would put the U.S. and those who rely on it at a dangerous disadvantage.

Sidney Hook uses even stronger language:

> Those who on a priori grounds condemn an action without regard for its consequences in preserving the structure of democratic freedoms are guilty at the very least of blatant hypocrisy. . . . We must recognize the evil we do even when it is the lesser evil. But if it is truly the lesser evil, then those who condemn it or would have us do nothing at all are morally responsible for the greater evil that may ensue.

No one who has worked in intelligence would question the need for a system of safeguards, strengthened to take account of the valid lessons of the past 30 years of experience. But I am frankly concerned that restrictions, both substantive and procedural, may reach the point where they seriously limit our national vision, impair our hearing or reduce our options for action. We cannot maintain an effective service by multiple layers of watchdog offices within the executive, or by watchdog committees in our Congress which attempt to supervise in

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excessive detail. We *can* have a competent intelligence service useful in the national interest by furnishing that service with clear guidelines of our foreign policy, by providing realistic and intelligent intelligence requirements and tasks for operational action, by close management of the CIA and other intelligence agencies, and by clear lines of accountability and responsibility within the executive and to the Congress. Above all, the residual suspicion of the past cannot be allowed to color our outlook on current and future intelligence operations. If our nation shows some measure of confidence in our intelligence organizations, the nation will be served. If not, we will all suffer.

Americans have been ambivalent about the intelligence function from the beginning. Benedict Arnold was a dirty traitor; Major John André was a wicked spy; and Nathan Hale was a patriot and a martyr. As to the attitude today, I quote the respected theologian Reinhold Niebuhr from his book, *The Irony of American History*:

> Our idealists are divided between those who would renounce the responsibilities of power for the sake of preserving the purity of their souls and those who are ready to cover every ambiguity of good and evil in our actions by the frantic insistence that any measure taken in a good cause must be unequivocally virtuous. We take and must continue to take morally hazardous actions to preserve our civilization.

ARTHUR L. JACOBS
Arlington, Virginia

Mr. Godfrey replies:

Mr. Jacobs speaks from a long and respected career abroad. His comments about the psychology of foreign agents under case officers are impressive. I know him to be an honorable and thoughtful man.

I am bemused, however, at being taken to task, albeit mildly, for failing to demonstrate empirically that a life of clandestine activity, partially devoted to the manipulation of others' lives, may not contribute to some weakening of the ethical standards. On its face the proposition is unprovable: few who were so affected would agree to the diagnosis.

But the fact remains that serious illegalities and breaches of moral conduct were condoned, if not encouraged, in the Agency. My point is, simply, that good men, allowed to operate without a sense of limits abroad, may find their capacity to distinguish appropriate and ethical limits in other contexts reduced. I also believe Humpty-Dumpty cannot be put together again. Too much damage has been done, too much credibility lost. The intelligence function must be radically redefined, its purpose clarified and its traditional covert activities curtailed.

WISHFUL THINKING ON NONPROLIFERATION

To the Editor:

Unhappily, in its justification of Administration initiatives against reprocessing and the breeder reactor, Joseph Nye's essay, "Nonproliferation: A Long-Term Strategy," in your April 1978 issue exhibits the same technological misapprehension and logical defects of its more lengthy predecessor, the Ford-Mitre Report.

We are told that, in these initiatives, "the concern was to preserve the existing distance between commercial and weapons use of nuclear energy." That this

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"distance" has both a technological and a political/institutional component, Mr. Nye basically agrees. For example, he finds "a widely shared, indeed a general, sense that nuclear weapons will not enhance the power or security position of most states." There are more specific disincentives, thus, "Over the past year, it has become increasingly clear that the international response will make safeguard violations, and violations of the nonproliferation regime generally very costly actions."

For most non-weapons states the technological component is the lack of facilities to produce weapons-usable material.[1] In its many reactions to the Administration's position, the nuclear technical community has tried to make clear that this is a minor barrier. Mr. Nye refers to one of these reactions: "Critics have argued that opposition to the spread of commercial reprocessing is pointless because a potential proliferator could acquire plutonium anyway by secretly building a small covert reprocessing plant." And his rebuttal is: "But such a route would be risky, with an uncertain probability of successful operation combined with a high probability of detection. Deciding to build a secret (as opposed to an open commercial) plant would be a difficult decision for most governments, and could provide clear evidence to the world of an intent to build nuclear weapons." In other words, the obstacles are not technical but are the political/institutional consequences.

These are the same for any route to a nuclear weapons capability. Risk, uncertainty of success, probability of detection and all their consequences go with the decision to build nuclear weapons in the first place. Once that decision has been made, building a covert reprocessing plant in addition to secretly developing the non-nuclear parts of a weapon may add to the risk of early exposure, but not to the consequences of proliferation.

The ultimate obstacle to surreptitious proliferation is its futility. Whether it is accomplished by covert production of fissile material or by diversion from an energy fuel cycle, the proliferator acquires a few devices of very uncertain reliability, risking adverse international reaction as he develops them, certain of it if he tests them and facing probable hostile reaction from the nuclear superpowers if he uses them.

In addition to advancing its erroneous technological conception of the security danger associated with reprocessing and the breeder, the Administration asserts that they are premature, that reprocessing is economically marginal and that uranium resources are sufficient to fuel non-breeder reactors well into the next century.

For another nation, whose only hope of a secure national energy supply is the breeder reactor, the U.S. argument is irrelevant. For most nations, national reprocessing is not economical, it is simply necessary to get plutonium for breeders. National uranium resources are not sufficient. Access to world resources is, like access to OPEC oil, interruptible at the whim of the exporting country. The record is poor. The United States, unable to agree on how new enrichment capacity would be financed, delayed building it until existing plants could no longer satisfy demand. Canada, stung by the Indian proliferation, suspended supply, demanding new and restrictive control of all its customers, not just India. Australia, well endowed with uranium, is torn with internal dissension over its export.

Other nations might, even so, have been persuaded to rely on U.S. services—

[1] Some Administration statements and actions make it desirable to point out that Uranium-233 is a weapons-usable material chemically separable from its parent thorium.

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and may still rely on those offered by Britain and France—and to agree not to build their own national plants despite their proper skepticism about the security dangers. Any inequality involved would be overcome by the benefits. The favorable economics of international scale are a persuasive argument against national autarky if the international arrangement is reliable. But now the United States blocks its own reprocessing and threatens, through its bilateral agreements, to interfere with others! The U.S. posture on reprocessing is thus self-defeating.

The U.S. argument must be viewed in the political context from which it comes. It comes from an Administration for which nuclear energy is a "last resort," from a President who, in opening the first sessions of the International Nuclear Fuel Cycle Evaluation, deprecated nuclear power and quoted erroneous figures from the currently fashionable apostle of hard conservation and "soft" energy supply, from a nation whose nuclear power program has been stalled by the legal filibustering of a noisy minority, and from a country well endowed with coal and relatively well with uranium. In this context, the U.S. initiatives on reprocessing and the breeder appear not as an offer of equal sacrifice, but as an empty gesture, using the pretext of nonproliferation policy to block programs inconsistent with Administration ideology.

One must be careful not to deprecate the antiproliferation effort too far. Despite the futility of surreptitious proliferation, there is an advantage in safeguards that give warning of it. It does make sense, if only to counter the terrorist threat, to make fresh fuel containing chemically separable weapons-usable material radioactive (as the recently suggested CIVEX process would do), to direct the development of the breeder fuel cycle toward doing so—and to increase the attention given the breeder fuel cycle in the process. But to delay the reactor development is short-sighted. Now, at best, breeders cannot make a significant contribution to U.S. energy supply before about 2015 and the Administration view that enough uranium will be found to continue an adequate light water reactor program to and beyond that time is more wishful than well conceived.

EDWARD C. WOOD
Portola Valley, California

Mr. Wood is Manager of Technical Exchange Programs in the Fast Breeder Reactor Department of the General Electric Corporation, Sunnyvale, California.

Mr. Nye replies:

Mr. Wood makes two main points in his criticism of the Administration's nonproliferation policy. These concern: (1) reprocessing and the access to weapons-usable material; and (2) the need for the breeder reactor.

On the first point, to ignore either the technical or the political/institutional obstacles to proliferation would be a mistake. Moreover, the two aspects are closely related. All paths to a weapons capability are *not* the same—should a nation with access to the weapons-usable product of a commercial reprocessing plant abrogate any international inspection obligation, the world is presented with a political and diplomatic fait accompli. The risk of early detection of the covert route to deliberately acquiring nuclear weapons exposes the potential proliferator to political and diplomatic costs much earlier in the process, making it more difficult to sustain the momentum of the project. By ignoring the political/institutional drawbacks of the PUREX reprocessing technology, Mr. Wood

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has repeated in reverse the error he ascribes to the Administration. In fact, our position on reprocessing does not rest on an "erroneous technological conception" but on the political *and* technical arguments outlined in my article. Only time and the development of more proliferation-resistant technologies and institutions can provide solutions to these problems.

Second, concerning the need for the breeder reactor and, consequently, the urgency of reprocessing to acquire plutonium for the breeder, even using conservative estimates of U.S. uranium resources (e.g., the Department of Energy low "probable" estimates of 2.4 million tons, which ignores uranium at more than $50 per pound) and a high growth rate of future U.S. nuclear power capacity (Department of Energy estimates of about 350 gigawatts by the end of the century), it is possible to derive dates for the necessity of the commercialized breeder that are well into the twenty-first century.

There is a trade-off between the capital costs of the breeder and world uranium prices. Other nations whose resources differ from ours may see this trade-off differently than we do. Thus, the Administration has not attacked other countries' breeder reactor programs. Rather we have joined with others in an international technology assessment, INFCE, which asks those who bet on breeders to include security externalities, particularly safer fuel cycles, in their economic calculations. At the same time, they can rightly ask us for greater assurance on fuel supplies, and we are presently exploring bilateral and multilateral fuel assurance options. Then each nation can bet as it wishes on the economics of the breeder without imposing the political costs of its actions on others.

Finally, an effective nonproliferation policy is not the same as an anti-nuclear policy. Upon signing the Nuclear Nonproliferation Act of 1978, President Carter said: "I feel very strongly that we should continue to use in an increasing way atomic power in our country as a major element of energy production." To do less would be a mistake in energy and nonproliferation terms.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Lucy Edwards Despard

General: Political and Legal

Edward L. Morse

POLITICAL CONTROL OF THE ECONOMY. By Edward R. Tufte. Princeton: Princeton University Press, 1978, 168 pp. $10.00.

A pioneering and systematic analysis of how the electoral and the economic cycles of democracies sometimes coincide and more often contradict each other. Although focused primarily on recent experience in the United States, rich and suggestive portions are devoted to other leading countries. Two important issues are omitted: the effects of electoral and economic cycles abroad on domestic affairs; and the recent political attraction of anti-inflationary policies. Professor Tufte has nonetheless presented a crisp and convincing study of perhaps the central issue in the political economy of major democratic societies today.

REVOLUTION AND THE TRANSFORMATION OF SOCIETIES. By S. N. Eisenstadt. New York: Free Press, 1978, 348 pp. $15.95.

Professor Eisenstadt's bold and important new study will find a place alongside his earlier comparative study of empires. New insights are provided about what types of traditional societies are—and are not—likely to undergo revolutionary change, and about those aspects of modernization that are particularly likely to produce abrupt political and social transformation.

THE RELEVANCE OF LIBERALISM. By Robert Bartley and others. Boulder (Colo.): Westview Press (for the Research Institute on International Change, Columbia University), 1978, 233 pp. $15.00.

Six authors, including Giovanni Sartori, Edward Shils and other distinguished writers and thinkers, examine the contemporary relevance of liberalism in domestic and international society. Michael Mandelbaum's concluding essay stresses the resilience of liberal values and their adaptability to sociopolitical and economic circumstances that are quite different from those present at their birth.

A TIME OF TERROR: HOW DEMOCRATIC SOCIETIES RESPOND TO REVOLUTIONARY VIOLENCE. By J. Bowyer Bell. New York: Basic Books, 1978, 304 pp. $10.95.

Bowyer Bell's account of the recent experience of open societies in dealing with their vulnerabilities to terrorist attacks complements his earlier studies of what motivates terrorists. His counsel of patience in the name of libertarian values is convincing in the light of the limited scope of most terrorist actions and of historical precedents.

THE "DOLLAR DRAIN" AND AMERICAN FORCES IN GERMANY. By Gregory F. Treverton. Athens: Ohio University Press, 1978, 220 pp. $12.00.

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The fixed exchange rate regime and the persistence of America's balance-of-payments deficits in the 1950s and 1960s seriously affected the bargaining structure within the NATO alliance as the U.S. government pressured the Federal Republic of Germany to offset the costs of stationing American troops abroad. The complex politics of security and finance, especially in the mid-1960s, are analyzed in this penetrating study of the interstices of domestic and international affairs. The author cautions that the "separate tracking" of political and economic issues will no longer be possible in NATO, but he also warns against "package deals" that bundle together multiple issues as unwise policies for managing the alliance.

TERRITORIAL POLITICS IN INDUSTRIAL NATIONS. By Sidney Tarrow, Peter J. Katzenstein and Luigi Graziano. New York: Praeger, 1978, 326 pp.

Social cleavages continue to be manifested in political relations between central governments and subunits, and among subunits. This rich symposium has the virtue of intelligent analysts who have something to say and strong editors who have rendered eight essays on seven industrial societies—East and West—comparable and readable.

SECESSION: THE LEGITIMACY OF SELF-DETERMINATION. By Lee C. Buchheit. New Haven: Yale University Press, 1978, 260 pp. $17.50.

The right of groups to self-determination often conflicts with the norm of the territorial integrity of states, especially in developing countries. This well-written essay in international law carefully moves between theory and case study in analyzing recent conflicts such as those in the Congo, Biafra, the African Horn and Bangladesh.

SCIENTISTS AND WORLD ORDER: THE USES OF TECHNICAL KNOWLEDGE IN INTERNATIONAL ORGANIZATIONS. By Ernst B. Haas, Mary Pat Williams and Don Babai. Berkeley: University of California Press, 1978, 378 pp. $17.50.

The authors review the roles scientists play in molding international institutions in areas of high technical content (environment, energy, development, health, agriculture and so forth). Extensive interviewing of scientists thus engaged reveals an underlying skepticism on their part about their contribution to the development of rational international policies. Theoretical debates about "holism" and "incrementalism" as the major alternative approaches to the design of international institutions are placed in an empirical perspective.

THE HUMAN FUTURE REVISITED. By Harrison Brown. New York: Norton, 1978, 287 pp. $10.95.

An essay on the fissures between rich and poor countries and on those attempting to bridge the gap, with special attention to the major global issues of population, food and energy. Dr. Brown's prescriptions are largely hortatory, just as his analysis is essentially Malthusian. The North-South dialogue has already evolved well beyond the framework outlined in this book.

General: Military, Technological, and Scientific

Richard G. Head

TIME OF FEAR AND HOPE: THE MAKING OF THE NORTH ATLANTIC TREATY 1947–1949. By Escott Reid. Toronto: McClelland & Stewart, 1977, 315 pp. $13.95.

A first-hand account of the issues, alternatives, and diplomatic maneuvering that went into the establishment of NATO. Hardly a revisionist, the author was second-in-command to Lester Pearson during the crucial treaty-making period. The result is balanced and self-critical, acknowledging that NATO was "a partial

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and imperfect response" to the problem of Soviet military power, a problem that remains undiminished by time.

THE PERMANENT ALLIANCE: THE EUROPEAN-AMERICAN PARTNERSHIP, 1945–1984. By Geoffrey Williams. Leiden: Sijthoff, 1977, 407 pp. $37.00.

A lucid history of the U.S. and British relationship to NATO. The author, a well-known British political scientist, touches on European economic and political concerns but concentrates on evolving East-West security issues. He stresses that European views of the military balance are generally more pessimistic than those in the U.S. His advocacy of European political integration and eventual Atlantic union seems less realistic than the prudent argument that conventional force reductions would inevitably force NATO back into a 1950s-style tripwire strategy with early use of nuclear weapons.

OPPORTUNITIES FOR DISARMAMENT: A PREVIEW OF THE U.N. SPECIAL SESSION ON DISARMAMENT. Edited by Jane M. O. Sharp. New York and Washington: Carnegie Endowment, 1978, 156 pp. $3.00 (Paper).

A collection of background papers from a 1977 "preview" conference, presenting in essence six proposals for disarmament.

CONFLICT AMONG NATIONS. By Glenn H. Snyder and Paul Diesing. Princeton: Princeton University Press, 1978, 570 pp. $32.50 (Paper, $9.50).

A scholarly study of crisis behavior in theory and practice. These two capable authors apply a variety of theoretical approaches—international system, bargaining, information, decision-making—to 16 historical cases and draw major conclusions about crisis-bargaining strategies and tactics. The examination of formal game theory models of bargaining is especially rigorous. The result is the best synthesis to date of theories of the international system and domestic decision-making.

ARMS, MEN AND MILITARY BUDGETS: ISSUES FOR FISCAL YEAR 1979. By Francis P. Hoeber, David B. Kassing and William Schneider, Jr. New York: Crane, Russak, (for the National Strategy Information Center), 1978, 154 pp. $5.95 (Paper).

A useful summary, the third in this series of annual defense budget surveys, emphasizing the character and extent of the steady Soviet military buildup. Essentially pessimistic in tone, the study, like the earlier ones, warns of serious deficiencies in U.S. forces if the nation does not invest a greater proportion of its resources in defense.

MARINE POLICY FOR AMERICA. By Gerard J. Mangone. Lexington (Mass.): Lexington Books, 1977, 370 pp. $25.00.

A truly first-rate overview of the historical development and principal issues of marine policy. Original, objective and well written, the study examines the areas of security, the merchant marine, fisheries, mineral resources and pollution, and outlines the need for a coordinated—if not integrated—national policy. An outstanding example of policy-related scholarship.

UNITED STATES STRATEGY IN THE INDIAN OCEAN: THE INTERNATIONAL RESPONSE. By Monoranjan Bezboruah. New York: Praeger, 1977, 268 pp. $18.50.

An argument strongly in favor of a comprehensive arrangement for naval arms limitation, but somewhat lacking in objective analysis and a clear understanding of strategic concepts.

SOVIET SCIENCE AND TECHNOLOGY: DOMESTIC AND FOREIGN PERSPECTIVES. Edited by John R. Thomas and Ursula M. Kruse-Vaucienne. Washington: George Washington University, 1977, 455 pp.

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An impressive edition, compiled from papers and discussions at a 1976 National Science Foundation Workshop. The main subjects are Soviet science policy and organization, relationships with the economic and political systems, dependence on Western technology, and prospects for U.S.-U.S.S.R. cooperation. A major work, made more valuable by the comprehensive introductory essay that outlines the primary themes and issues, and proposes guidelines for future U.S.-Soviet interaction.

SOVIET AIR POWER IN TRANSITION. By Robert P. Berman. Washington: Brookings, 1978, 82 pp. $2.95 (Paper).

A comprehensive look at the historical evolution and main characteristics of, and recent trends in, the Soviet air forces. Analyzes Soviet design changes from lightweight, specialized air defense vehicles to more complex, multipurpose ground attack aircraft. Berman's theme is that these major changes in design and operational activity make the Soviet air forces increasingly capable of independent, preemptive missions against NATO's air bases and nuclear storage sites. An important study in a relatively neglected area.

GUIDE TO THE SOVIET NAVY. By Siegfried Breyer and Norman Polmar. Annapolis: U.S. Naval Institute, 2d ed., 1978, 610 pp. $22.95.

A unique reference work with authoritative tables, line drawings and photographs of virtually every class of Soviet naval vessel, plus descriptions of naval aircraft, armament systems, bases, and the shipbuilding industry. The chapter introductions on such subjects as organization, personnel, warships and weapons are concise and useful.

THE PEOPLE, THE ARMY, THE COMMANDER (A Soviet View). By Colonel M. P. Skirdo. Moscow: Voyenizdat, 1970/Washington: U.S. Air Force, 1978, 166 pp.

Nominally another volume on Marxism-Leninism written for Soviet military officers, this book is instructive on several levels. On one level it reemphasizes already familiar aspects of Soviet military doctrine: nuclear war is possible as long as imperialism exists; the principal threats to peace are the U.S. and West Germany; the Soviet objective in a thermonuclear war is victory; and the role of the civilian population is decisive. On another level it comments on current foreign policy issues, rejecting both "left" revisionism (PRC) and "right" revisionism (Eurocommunism). On a third level the book examines the characteristics and contributions of great military leaders, reflecting a growing Soviet dilemma in choosing between a doctrine of troop control, centralization and discipline, and the desire to develop commanders who have imagination, creativity, and a propensity for risk-taking on the battlefield.

General: Economic and Social

William Diebold, Jr.

ECONOMIC POLICY BEYOND THE HEADLINES. By George P. Shultz and Kenneth W. Dam. New York: Norton, 1978, 212 pp. $8.95.
A TIME FOR TRUTH. By William E. Simon. New York: Reader's Digest Press, 1978, 248 pp. $12.50.

Two former Secretaries of the Treasury could hardly have written more contrasting books. With his former government colleague Kenneth Dam, a Chicago law professor specializing in international economics, George Shultz has produced a solid contribution as to how the government works. Using a novel analytical framework, they look at a series of economic problems of continuing importance. William Simon's highly personal account is a lively indictment of government and a call for a crusade to restore liberty and a free

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economy. This requires a counterintelligentsia financed by business to challenge "the assumptions and goals presently underlying our political life." Simon has little to say about international affairs, but Shultz and Dam have two valuable chapters on the monetary and trade issues they faced.

THE EVOLUTION OF THE INTERNATIONAL ECONOMIC ORDER. By W. Arthur Lewis. Princeton: Princeton University Press, 1978, 77 pp. $7.50 (Paper, $2.45).

This remarkable piece of work may have more ideas than pages. The differences between the human migrations from Western Europe, China and India, the resulting flows of capital, and the division of the world into exporters of manufactures and of primary products are looked at afresh. From them come conclusions about the key needs of the developing countries: higher productivity in food, more long-term capital and technology, not trade, as the motor.

GETTING FROM HERE TO THERE. By W. W. Rostow. New York: McGraw-Hill, 1978, 271 pp. $14.95.

"There" is a U.S. with adequate growth, full employment, food surpluses and a mostly domestic energy supply playing a leading part in a more cooperative world than we have nowadays. The "getting there" is laid out in a series of fairly short, concrete, readable chapters on all the key issues that are inevitably a bit uneven. The best put productivity, research & development, and related matters in a good historical perspective. The whole is given a certain tone by the thought that the world is on the upswing of a long economic cycle, so governments should be especially concerned with the supply side.

ALTERNATIVES TO GROWTH—I: A SEARCH FOR SUSTAINABLE FUTURES. Edited by Dennis L. Meadows. Cambridge: Ballinger, 1978, 401 pp. $16.50.

The propagators of *The Limits to Growth* should be applauded for trying to work out ways for society to live in a stable state. The discussions in this collection range from global food and energy systems to backyard microfarms. There is good material on decentralization, fairly standard stuff on planning, and some interesting efforts to deal with equity and the market.

COMMODITY CONFLICT. By L. N. Rangarajan. London: Croom Helm/ Ithaca: Cornell University Press, 1978, 390 pp. $25.00.

In the most comprehensive book on commodities to be published in recent years, an Indian diplomat concentrates his generally well-balanced analysis on the many conflicting interests involved in their production, processing and trade. He is very critical of the programs advanced by UNCTAD and the Group of 77 and puts forward a proposal for a framework agreement within which a variety of commodity agreements can be negotiated to further a number of the purposes of producing and consuming countries.

COMMODITY AGREEMENTS AND PRICE STABILIZATION. By David L. McNicol. Lexington (Mass.): Lexington Books, 1978, 142 pp. $14.00.

Nice exposition of the strengths and weaknesses of different kinds of commodity arrangements. The worst results come from expecting them to do too many things at once.

TRADE NEGOTIATIONS IN THE TOKYO ROUND: A QUANTITATIVE ASSESSMENT. By William R. Cline, Noboru Kawanabe, T. O. M. Kronsjö, and Thomas Williams. Washington: Brookings, 1978, 314 pp. $11.95.

Using methods that take account of a number of different effects, an international team has tried to estimate the effects of various tariff-cutting formulas in the Tokyo Round. They find that substantial liberalization would

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produce large gains in global welfare with relatively little disturbance to employment and only moderate shifts in trade balances. The developing countries have much to gain, especially in manufactures even if textiles remain restricted. In a difficult field, this is an outstanding piece of work, with many incidental results of great interest.

NEW MEANS OF FINANCING INTERNATIONAL NEEDS. By Eleanor B. Steinberg and Joseph A. Yager. Washington: Brookings, 1978, 256 pp. $11.95 (Paper, $4.95).

International public finance is an underdeveloped area. Judging that the international system will need more revenue in the future and should not be entirely dependent on national budgets, the authors explore a variety of possible sources of revenue. Their preference is for a general tax on international trade and charges on polluters; ocean mining proceeds are for later.

TECHNOLOGY AND THE MULTINATIONALS. By Jack Baranson. Lexington (Mass.): Lexington Books, 1978, 170 pp. $16.00.

Sixteen case studies provide solid content for this study of why and how American companies transfer technology to foreign enterprises they do not control. For a number of quite different reasons, their interest in doing this is increasing, according to the experienced author who has looked at the aircraft and automotive industries, computers, consumer electronics and chemical engineering.

THE POLITICAL ECONOMY OF THIRD WORLD PRODUCER ASSOCIATIONS. By Helge Hveem. Oslo: Universitetsforlaget, 1978, 250 pp. (New York: Columbia University Press, distributor, $15.00).

A Norwegian scholar marshals a great deal of material about the production, trade, processing and corporate control of raw materials with the aim of helping developing countries organize better cartels, or at least use their bargaining power more effectively.

WIRTSCHAFTLICHE SANKTIONEN ALS MITTEL DER AUSSENPOLITIK: DAS RHODESIEN-EMBARGO. By Rolf Hasse. Berlin: Duncker & Humblot, 1977, 299 pp. DM. 80.

Like most serious works before it, this study finds economic sanctions not very effective in changing a country's behavior. The particular elements of failure in the Rhodesian case are given as: exaggeration of Rhodesia's vulnerability, overt and covert gaps in the embargo, inadequate supervision and enforcement, and lack of compensation for countries damaged by the U.N. measures.

LENINSKAIA TEORIIA IMPERIALIZMA I SOVREMENNOST'. Edited by N. N. Inozemtsev and others. Moscow: Mysl, 1977, 454 pp.

How Lenin's theory of imperialism applies in the current age of the multinational corporation, government-monopoly capitalism, and the most recent stage of the general crisis of capitalism (1974–76).

J.C.C.

The United States

Gaddis Smith

HONORABLE MEN: MY LIFE IN THE CIA. By William Colby and Peter Forbath. New York: Simon & Schuster, 1978, 493 pp. $12.95.

The first half of this candid and revealing memoir recounts the author's career as a practitioner of covert action in World War II and afterward in Sweden, Italy and Vietnam. The operator's limited viewpoint may seem to some to color his judgments, especially of South Vietnamese leaders. This is the dedi-

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cated professional at work, with few second thoughts, much quiet heroism, and little sense of ambiguity or irony (as the very title suggests), in an era when his trade was generally accepted.

The last half has vastly wider dimensions. As Colby moved to senior command in CIA, his first-class legal mind and training came increasingly into play at a time when they were most needed. His articulate and detailed account of the period after 1971 within the Agency, and of its stormy relations with Congress, the press and the public, does much to clarify a tangled story, and the author's evolving conduct and judgments, under enormous pressure from all sides, seem to this reviewer to have been essentially right and persuasive—certainly as compared to the stonewalling urged by many. While the element of self-justification can hardly be absent, the basic viewpoint is, more than in most such memoirs, tragic; Colby stresses the historical (and peculiarly American) context of the actions and misdeeds both of the Agency and of its latter-day critics.

The result belongs alongside the Church Committee Report as to the past and present, and in the forefront of serious debate about the future role and structure of intelligence and covert operations in the American democratic system. One can argue with many of the author's conclusions, notably his continued bias toward covert operations; and his treatment of the central analysis function of intelligence is, by the same token, skimpy. But this is a big and important book. It deserves to be read whole, and carefully.

W.P.B.

ALLIES OF A KIND: THE UNITED STATES, BRITAIN, AND THE WAR AGAINST JAPAN, 1941–1945. By Christopher Thorne. New York: Oxford University Press, 1978, 800 pp. $29.50.

The best book on any aspect of World War II to appear in many years. The research is exhaustive, the prose lucid, the analysis subtle. Indispensable not only on its subject but for an understanding of subsequent developments.

RUSSIA, THE SOVIET UNION, AND THE UNITED STATES: AN INTERPRETIVE HISTORY. By John Lewis Gaddis. New York: Wiley, 1978, 309 pp. $12.95 (Paper, $6.95).

An excellent survey of Russian-American relations from the eighteenth century to the present. The author incorporates the latest scholarship, in English and Russian, and uses some archival sources.

PERJURY: THE HISS-CHAMBERS CASE. By Allen Weinstein. New York: Knopf, 1978, 704 pp. $15.00.

This stunning book is the most thorough study of Alger Hiss and Whittaker Chambers yet published. The conclusion that Hiss often lied is difficult to swallow for those who deplore the character and methods of Hiss's accusers. But, alas, the enemy of evil is not always good. Weinstein's evidence has been challenged by some critics. This reviewer finds it persuasive.

LEGEND: THE SECRET WORLD OF LEE HARVEY OSWALD. By Edward Jay Epstein. New York: Reader's Digest Press/McGraw-Hill, 1978, 382 pp. $12.95.

The author and a team of assistants interviewed over 400 people for this reconstruction of the life of Kennedy's assassin. Epstein does not charge any agency, foreign or domestic, with responsibility for Oswald's act, but he suggests that Oswald was far more involved with Soviet intelligence operations than the Warren Commission concluded. He does indict the FBI for covering up its own incompetence.

DULLES: A BIOGRAPHY OF ELEANOR, ALLEN AND JOHN FOSTER DULLES AND THEIR FAMILY NETWORK. By Leonard Mosley. New York: Dial, 1978, 530 pp. $12.95.

Gossipy, slapdash, riddled with small errors. The most entertaining part is

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an appendix with long letters to the author from H.A.R. (Kim) Philby, Allen Dulles's British colleague turned Soviet spy.

A PRETTY GOOD CLUB: THE FOUNDING FATHERS OF THE U.S. FOREIGN SERVICE. By Martin Weil. New York: Norton, 1978, 313 pp. $12.95.

A lively, entertaining account of the aristocratic, homogeneous elite who, during the interwar years, considered themselves the embodiment of the Foreign Service. The author concentrates on the European and Soviet sections.

SILENT MISSIONS. By General Vernon Walters. New York: Doubleday, 1978, 654 pp. $12.50.

The author's talent for foreign languages and his reliability led to a long career in Army Intelligence with many assignments as interpreter and aide to Presidents. His memoirs are conventional, chronological, discreet.

GRASSROOTS. By George McGovern. New York: Random House, 1978, 307 pp. $12.50.

McGovern describes himself as soft on people and tough on issues. This even-tempered autobiography is in character. He is forgiving of his opponents, candid about himself, and straightforward in discussing political ideas.

DASHER: THE ROOTS AND THE RISING OF JIMMY CARTER. By James Wooten. New York: Summit Books, 1978, 377 pp. $11.95.

A thin, occasionally critical biography of President Carter up to the inauguration, fluffed out with popularized historical vignettes of recent America.

THE PARTIES: REPUBLICANS AND DEMOCRATS IN THIS CENTURY. By Henry Fairlie. New York: St. Martin's, 1978, 236 pp. $8.95.

A British-born journalist long resident in the United States, Fairlie admires the Democratic Party and delights in explaining the failure of the Republicans "who seem to distrust, dislike, and fear their own time."

ON PRESS. By Tom Wicker. New York: Viking, 1978, 271 pp. $10.95.

Searching, original essays—many in the autobiographical mode—and all using case studies to illustrate important themes on the strengths, weaknesses and responsibilities of the press.

THE PUBLIC AND AMERICAN FOREIGN POLICY, 1918–1978. By Ralph B. Levering. New York: Morrow, 1978, 153 pp. $5.95 (Paper, $2.95).

An elementary, somewhat bland historical survey of public opinion as a factor in foreign policy, commissioned by the Foreign Policy Association for its 60th birthday. Who can disagree with the author's plea for better education in foreign affairs?

AMERIKANSKAIA VNESHNE–POLITICHESKAIA MYSL'. By V. F. Petrovsky. Moscow: Mezhdunarodnye Otnosheniia, 1976, 334 pp.

A Soviet policy planner and scholar examines the role of the American political-academic foreign policy community in the service of the more powerful complex of the government apparatus and monopoly capital. The descriptive parts are close to the mark, the analysis predictably less so.

J.C.C.

The Western Hemisphere

Robert D. Crassweller

SOCIALISM IN CANADA: A STUDY OF THE CCF-NDP IN FEDERAL AND PROVINCIAL POLITICS. By Ivan Avakumovic. Toronto: McClelland and Stewart, 1978, 316 pp. $6.95 (Paper).

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A sympathetic, informative historical study of the survival—at times bare survival—of socialism as a political force in Canada.

G.S.

CANADIAN CULTURAL NATIONALISM. Edited by Janice L. Murray. New York: New York University Press (for the Canadian Institute of International Affairs and the Council on Foreign Relations), 1977, 139 pp. $4.95 (Paper).

Ramsay Cook's "Historical Perspective" and Roger Frank Swanson's discussion of "The U.S. Public Interest" are the outstanding contributions to this symposium, the fourth Lester B. Pearson Conference on the Canada-U.S. Relationship.

G.S.

BUSINESS IMPERIALISM 1840–1930: AN INQUIRY BASED ON BRITISH EXPERIENCE IN LATIN AMERICA. Edited by D. C. M. Platt. New York: Oxford University Press, 1977, 456 pp. $28.50.

A first-rate historical analysis that concludes, *inter alia,* that British capital outstayed its welcome and came eventually to obstruct Latin American interests. Initially, however, perhaps no real alternative to it existed: inadequacies of communications, capital, markets, labor, fuel and raw materials were "formidable barriers to the native development, which must have made the alternatives to a foreign connection as uninviting to Latin Americans at the time as they seem speculative to the historian today."

BRAZIL'S MULTILATERAL RELATIONS: BETWEEN FIRST AND THIRD WORLDS. By Wayne A. Selcher. Boulder (Colo.): Westview Press, 1978, 287 pp. $17.00.

Detailed and illuminating, this evaluation of Brazil's unique position assesses its influence on the quality and temper of the country's diplomatic interests, style and world view. Brazilian decision-makers, devoted to *Realpolitik* and believing profoundly in the primacy of sovereignty, are suspicious of supranationalism. It follows, in their view, that interdependence can be profitably pursued only after Brazil has achieved more independence in a number of areas.

THE BRAZILIAN CORPORATIVE STATE AND WORKING-CLASS POLITICS. By Kenneth Paul Erickson. Berkeley: University of California Press, 1978, 242 pp. $14.00.

This is a valuable account of the political power of labor leaders, its limitations, the participation of labor in public life, and the effectiveness of corporatism in bringing the urban working class into social and political activity with a minimum of disruption. Populism never became revolutionary because the purpose of Brazilian corporatism is a conservative one: preservation of the status quo through assimilation of emergent social forces.

MEXICO IN CRISIS. By Judith Adler Hellman. New York: Holmes & Meier, 1978, 229 pp. $15.75 (Paper, $7.95).

After taking pessimistic note of the factors reinforcing continuity, such as the hold of the PRI, capitalist development, the power of a bourgeoisie undaunted by Echeverria's addiction to "radical rhetoric and half measures," the author asserts that "nothing short of a major upheaval in the Mexican system could genuinely improve their [the masses'] lot."

VIEWS ACROSS THE BORDER: THE UNITED STATES AND MEXICO. Edited by Stanley R. Ross. Albuquerque: University of New Mexico Press (for the Weatherhead Foundation), 1978, 456 pp. $5.95 (Paper).

These 17 essays and nine commentaries approach the U.S.-Mexican border areas as a single entity and cover every conceivable aspect: psychology, politics,

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ecology, economics, culture, sex, migration, social class, personality development, labor, and health. There are many interesting gleanings.

INSIDE CUBA TODAY. By Fred Ward. New York: Crown, 1978, 307 pp. $12.95.

A journalist, aided substantially by his own photographs, provides detailed day-by-day descriptions of Cuban life, with an overview of political and international analysis. The treatment is well balanced.

THE UNITED STATES AND CUBA: HEGEMONY AND DEPENDENT DEVELOPMENT, 1880–1934. By Jules Robert Benjamin. Pittsburgh: University of Pittsburgh Press, 1977, 188 pp. $14.95.

Detailed and scholarly, this historical investigation throws much light on Cuban events since 1959. The frustration of the 1933 revolution and the lack of social structure and leadership that followed deprived the regimes of the 1940s and 1950s of any true legitimacy, thereby creating "an ideological vacuum that served as an important precondition for the decisive victory of a new generation of radical nationalists in the 1960s. . . ."

THE REVOLUTION OF THE LATIN AMERICAN CHURCH. By Hugo Latorre Cabal. Norman: University of Oklahoma Press, 1978, 192 pp. $9.95.

The emergence of a radicalized "young church" out of recent Roman Catholic turmoil is described through brief resumés, country by country, with accounts of important radical events and personalities. The tone throughout is polemical and quite unencumbered by objectivity.

THE LEGACY OF POPULISM IN BOLIVIA: FROM THE MNR TO MILITARY RULE. By Christopher Mitchell. New York: Praeger, 1977, 167 pp.

The author finds the MNR fundamentally flawed, after its initial successes in 1952–53, by its underlying identification with the middle class, which turned conservative within a short time. This tendency was accentuated after the 1964 coup by the alliance between the military and moderate civilian elements.

AGRARIAN REFORM AND PEASANT ORGANISATION ON THE ECUADORIAN COAST. By M. R. Redclift. London: Athlone Press, 1978, 186 pp. (Atlantic Highlands, N.J.: Humanities Press, distributor, $16.00).

An interesting and dispassionate description of changes, funded by oil revenues, in the agricultural structure of the coastal rice zone after the abolition of rice tenancy in 1970. The program was a significant element in the national development objectives.

AGRARIAN REFORM UNDER ALLENDE. By Kyle Steenland. Albuquerque: University of New Mexico Press, 1978, 256 pp. $5.95 (Paper).

Written in a pro-Allende vein, this study of the most thorough attempt at agricultural reform since the Cuban revolution describes the Chilean expropriations, their effects on production, and the social organization of the countryside.

Western Europe

Fritz Stern

1945: YEAR ZERO. By John Lukacs. New York: Doubleday, 1978, 314 pp. $8.95.

A very personal history, centering on the great leaders of the year 1945 and on the author, then a young Hungarian and witness to history. He is consistently and provocatively critical of what he takes to have been the sole American ideology, a kind of routine liberalism. Idiosyncratic, informative, unconventional and highly readable.

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POSTWAR EUROPE: A POLITICAL GEOGRAPHY. By Mark Blacksell. Boulder (Colo.): Westview Press, 1978, 205 pp. $16.00.

A useful little book focusing on the supranational organizations and their relations to postwar political geography. The price suggests preemptive inflation.

FINAL ENTRIES: 1945. THE DIARIES OF JOSEPH GOEBBELS. Hamburg: Hoffmann und Campe/New York: Putnam, 1978, 432 pp. $14.95.

Notes on *Götterdämmerung,* conveying the full range of fanaticism, illusion, flashes of realism, bitter attacks on fellow paladins of Hitler. Almost to the last, Goebbels thought that Stalin might be induced to conclude a separate agreement with the Germans. This "impresario of genius," as Trevor-Roper calls him in a suggestive introduction, retained an extraordinary awareness of the state of German morale. Excellent on atmosphere, though meager on new facts.

THE WAR THAT HITLER WON: THE MOST INFAMOUS PROPAGANDA CAMPAIGN IN HISTORY. By Robert Edwin Herzstein. New York: Putnam, 1978, 431 pp. $15.00.

A rather pedestrian account of the many forms of wartime propaganda that Goebbels directed at the audience he understood best, the Germans themselves.

THE RHINELAND CRISIS: 7 MARCH 1936. By J. T. Emmerson. Ames: Iowa State University Press, 1977, 383 pp. $14.95.

An analysis of the ineffectuality with which the Western powers greeted Hitler's remilitarization of the Rhineland, which proved to be a major step on the road to war. A useful reexamination, particularly because of its concern for the conduct of diplomacy generally.

CHRISTIAN DEMOCRACY IN WESTERN GERMANY. By Geoffrey Pridham. New York: St. Martin's, 1978, 371 pp. $19.95.

A British political scientist examines the history of the CDU/CSU from the days of Adenauer's preeminence to its present state of potential division, exacerbated by its—still unaccustomed—role as opposition party. Informative on the internal evolution of the party. Principally for specialists.

DEUTSCHE UND AMERIKANISCHE GEWERKSCHAFTEN UND GESCHÄFTSLEUTE 1945–1975. By Werner Link. Düsseldorf: Droste, 1978, 308 pp. DM. 36.

This short but informative study deals with the postwar relations of German and American businessmen and union leaders and their impact on bilateral political links. The author a German professor given to excessive theorizing, notes that American businessmen have played a leading role in shaping U.S.-German relations, while the connections between the unions have sharply declined.

L'ÉTONNEMENT D'ÊTRE: JOURNAL 1939–1973. By Hervé Alphand. Paris: Fayard, 1977, 614 pp. Fr. 59.

The fascinating memoirs of a leading French diplomat, who for seven years was his country's ambassador in Washington. The record of many important conversations, especially with de Gaulle, gives substance to charm—but perhaps the greatest value of this work is the partly unconscious portrait of the traditional French diplomat, his ways, his views, his talents, and his limitations.

DE L'AUBE AU CRÉPUSCULE. By Jacques Rueff. Paris: Plon, 1977, 443 pp. Fr. 60.

The memoirs of a distinguished French economist, theorist and activist, whose views on economic orthodoxy were partially echoed by de Gaulle. A fine evocation of a milieu that until his recent death the author embodied and reflected to a remarkable degree.

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PARLONS FRANCHEMENT. By Georges Marchais. Paris: Grasset, 1978, 224 pp. Fr. 25.

"Speaking frankly"—for campaign purposes. The Communists, the true guardians of the national patrimony, are depicted as the would-be builders of a democratic society, while Mitterrand's Socialists deserted the Common Program and purpose. After the electoral defeat of the Left, there is likely to be more frank talk, with or without the present Communist assertion to having a sole claim to virtue and consistency.

UNE RÉPUBLIQUE PRÉSIDENTIELLE? INSTITUTIONS ET VIE POLITIQUE DE LA FRANCE ACTUELLE. By Léo Hamon. Paris: Bordas, 1977, 2 vols.

A French academic and long-time political activist presents his views on the political institutions and their actual functioning. Designed for French students, useful for foreigners as well.

THE DIARIES OF A CABINET MINISTER. By Richard Crossman. VOL. II: LORD PRESIDENT OF THE COUNCIL AND LEADER OF THE HOUSE OF COMMONS 1966–1968. New York: Holt, Rinehart and Winston, 1977, 851 pp. $18.95. VOL. III: SECRETARY OF STATE FOR SOCIAL SERVICES 1968–1970. London: Hamish Hamilton/Jonathan Cape, 1977, 1039 pp. £12.50.

Rightly acclaimed as the richest because most candid source for the inner workings of the British Government, the Diaries (Vol. I noted in *Foreign Affairs,* January 1977) are full of details—about people, squabbles, issues, the travails and pleasures of official life. These often revealing, sometimes tedious remarks are interspersed with general reflections, as, for example, his comment on the occasion of the Cabinet's failure in 1967 to discuss the Vietnam conflict in all its complexity: "Now I realize how rarely great issues are discussed in Cabinet as issues of principle and how one moves normally through a series of ad hoc decisions on narrow issues which don't seem to raise the great moral principles."

WILLIAM BEVERIDGE: A BIOGRAPHY. By José Harris. New York: Oxford University Press, 1977, 488 pp. $22.00.

A major work, based on private papers, on a representative figure of twentieth-century British history. Lord Beveridge is seen as "perhaps . . . the last of the great line of 'all-round' social reformers. . . . Like them he was imperious, compassionate, quick-tempered and neurotic, with an almost infinite capacity for selfless and single-minded devotion to a cause."

SCOTLAND AND NATIONALISM: SCOTTISH SOCIETY AND POLITICS, 1707–1977. By Christopher Harvie. London: Allen & Unwin, 1977, 318 pp. $16.50 (Paper $8.75).

Essentially a series of intelligent and perceptive essays on different aspects of the Anglo-Scottish Union, based on the premise that only an understanding of the past can clarify the present when "the main question . . . [is] how to prevent a total disintegration of the relationship between the two peoples." The author, a young Scottish historian, argues for a radical reordering of society.

CREATIVE CONFLICT: THE POLITICS OF WELSH DEVOLUTION. By John Osmond. Boston: Routledge & Kegan Paul, 1978, 305 pp. $10.95.

The case for a measure of Welsh autonomy, set in the context of economic realities and the relevant traditions of political thought, particularly past discussions of the problems of community.

GREECE AND THE BRITISH CONNECTION, 1935–1941. By John S. Koliopoulos. New York: Oxford University Press, 1978, 315 pp. $24.00.

A fine study of the relations between two friendly powers: their common and divergent interests, political and military, in the years when British power in the

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Mediterranean was steadily eroding. Based on extensive new archival material and written by a scholar with keen political judgment.

RED YEARS/BLACK YEARS: A POLITICAL HISTORY OF SPANISH ANARCHISM, 1911–1937. By Robert W. Kern. Philadelphia: Institute for the Study of Human Issues, 1978, 335 pp. $19.50 (Paper, $7.95).

A balanced view of a passionate chapter in the history of Spain and in the struggle of lower class militants to reconstruct society. The ideals and the failure of Spanish anarchism are well documented in this scholarly study.

SWEDISH FOREIGN POLICY DURING THE SECOND WORLD WAR. By W.M. Carlgren. New York: St. Martin's, 1977, 257 pp. $16.95.

A narrow but fascinating account of Sweden's attempt to remain neutral and be spared occupation, by a Swedish historian and state archivist.

The Soviet Union and Eastern Europe

John C. Campbell

THE SOVIET ECONOMIC SYSTEM. By Alec Nove. London: Allen & Unwin, 1978, 399 pp. $23.25 (Paper, $10.95).

Going forward from his earlier classic on the Soviet economy, Alec Nove provides here a new study which, while comprehensive and serviceable as a textbook, is notable also for giving his own thinking on problems of structure, change and reform (with some attention to developments in Eastern Europe as well as the U.S.S.R.).

NATIONAL LIBERATION REVOLUTIONS TODAY. By K. N. Brutents. Moscow: Progress, 1977, 2 vols (Chicago: Imported Publications, distributor, $5.75).

A leading Soviet authority on the national liberation movement in the Third World deals *in extenso* with theory and practice as of the mid-1970s. He describes the "new type of revolutionary democracy" which, after the conquest of political independence, has appeared as the movement enters an economic and social phase, developing the capacity to move toward scientific socialism. Much depends, of course, on the global struggle between imperialism and socialism and, if the point needs stressing, "on the policy and tactics of local Communists."

THE KREMLIN AND LABOR: A STUDY IN NATIONAL SECURITY POLICY. By Roy Godson. New York: Crane, Russak (for the National Strategy Information Center), 1977, 90 pp. $6.95 (Paper, $3.25).

A summary review of how the Soviets use their ties with labor organizations abroad, largely through the WFTU, to advance their national strategy. Unfortunately many aspects of the story, especially relations with unions in Western Europe, remain obscure.

WOMEN IN RUSSIA. Edited by Dorothy Atkinson, Alexander Dallin and Gail Warshofsky Lapidus. Stanford: Stanford University Press, 1977, 410 pp. $18.75.

Although of limited relevance to current international relations, this comprehensive volume treats a subject of such many-sided importance for Soviet society that it deserves prominent and favorable mention here.

LEONID I. BREZHNEV: PAGES FROM HIS LIFE. New York: Simon & Schuster, 1978, 320 pp. $11.95.

This exercise in hagiography—Simon & Schuster's contribution to Soviet-American understanding—is an amalgam of quotations from Brezhnev's speeches with human interest stories. It has no author identification other than "the auspices of the Academy of Sciences of the U.S.S.R."

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THE PUNISHED PEOPLES. By Aleksandr M. Nekrich. New York: Norton, 1978, 238 pp. $10.95.

The grisly story of the Crimean Tatars and other peoples deported from their ancestral lands during World War II, written and documented in the U.S.S.R. by a Soviet historian, but published only in the West where he now resides.

NOTES OF A NON-CONSPIRATOR. By Efim Etkind. New York: Oxford University Press, 1978, 265 pp. $10.00.

THE CHALLENGE OF THE SPIRIT. By Boris Shragin. New York: Knopf, 1978, 262 pp. $10.00.

Two former members of the Soviet intelligentsia, both Jewish and both now living abroad, write of their personal experiences, of other dissidents, and of the moral challenge now posed to the system.

A CASE STUDY OF A SOVIET REPUBLIC: THE ESTONIAN SSR. Edited by Tönu Parming and Elmar Järvesoo. Boulder (Colo.): Westview Press, 1978, 432 pp. $22.00.

A symposium by many specialists, all of them born in Estonia, which gives a detailed picture of that small and untypical Soviet republic.

THE GERMAN DEMOCRATIC REPUBLIC: A DEVELOPED SOCIALIST SOCIETY. Edited by Lyman H. Legters. Boulder (Colo.): Westview Press, 1978, 281 pp. $20.00.

The small circle of American specialists on the GDR has pooled its knowledge to give us a generally objective, useful, but sometimes out-of-date picture of that state and society.

MODERN HUNGARY: READINGS FROM "THE NEW HUNGARIAN QUARTERLY." Edited by Denis Sinor. Bloomington: Indiana University Press, 1978, 424 pp. $17.50.

The editor achieves his purpose of providing information about contemporary Hungary, but, as he acknowledges, the articles "tend to reflect the thinking of the current . . . leadership"; and, by their appearance in the elegantly printed and smoothly edited *New Hungarian Quarterly*, they also represent the fare that the leadership thinks suitable for Western readers.

YUGOSLAVIA AFTER TITO: SCENARIOS AND IMPLICATIONS. By Gavriel D. Ra'anan. Boulder (Colo.): Westview Press, 1978, 206 pp. $14.50.

The description and analysis of the present situation in and around Yugoslavia are generally well informed though on many points either exaggerated or oversimplified. The "scenarios" of the future are so speculative as to confuse rather than enlighten, but the author does make the essential point that the West has a vital role to play in minimizing the chances of adventurous Soviet moves.

PROBLEME DE POLITICĂ EXTERNĂ A ROMÂNIEI. 1918–1940: CULEGERE DE STUDII. By Viorica Moisuc and others. Bucharest: Editura Militară, 1977, 456 pp.

In doing this second series of studies on Romanian interwar diplomacy, issued under the auspices of the Communist Party, the authors had the run of the archives of the Foreign Ministry, and their interpretations are generally favorable to the prewar government's policies as consonant with the interests of the nation.

EUROPEAN SECURITY: A ROMANIAN POINT OF VIEW. By Romulus Neagu. Bucharest: Meridiane, 1977, 151 pp.

A convenient summary of official positions and views of Romania during the negotiations leading to the Final Act of Helsinki and the Belgrade Conference.

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The Middle East and North Africa

John C. Campbell

THE REVOLT. By Menachem Begin. New York: Nash, 1977, 386 pp. $12.95.

What Israel's Prime Minister tells us about the struggle of the Irgun against British rule in Palestine and its relations with the Jewish establishment is of more than passing interest for evaluating both the events of that time and the man and his policies today. This is an abridged translation of the memoirs first published in Hebrew in 1951.

IN SEARCH OF IDENTITY: AN AUTOBIOGRAPHY. By Anwar el-Sadat. New York: Harper, 1978, 288 pp. $12.95.

Memoirs at the top are also in vogue on the Egyptian side, as President Sadat describes his own struggle against the British and then launches into a remarkably revealing (and self-serving) account of the internal conflicts and external failures of the Nasser regime which, for all its achievements, left a legacy of disaster. In covering his years as President he carries on his war of words with the Soviet Union and defends his turn to the United States and his direct approach to Israel.

FOR JERUSALEM: A LIFE. By Teddy Kollek. New York: Random House, 1978, 269 pp. $10.00.

Candor and humor mark this light and readable autobiography by Jerusalem's colorful Mayor. The most arresting passages deal with his period of close association with Ben-Gurion, whom he greatly admired, and include frank and often sharp appraisals of the issues and personalities of the day. He also tells the familiar story of his love affair with Jerusalem.

POLITICS AND THE MILITARY IN ISRAEL, 1967–77. By Amos Perlmutter. London: Cass, 1978, 222 pp. (Totowa, N.J.: Biblio, distributor, $15.00).

More ambitious than the title suggests, this sequel to an earlier volume going to 1967, by a scholar who is close to the people and events he writes about, covers American, Soviet and Arab diplomacy as well as the politics and strategy of Israel. Most interesting is his detailed critique of Israeli "misperceptions" in the October War.

SUPERPOWER INTERVENTION IN THE MIDDLE EAST. By Peter Mangold. New York: St. Martin's, 1978, 209 pp. $17.95.

This heavily documented book by a British expert covers much familiar ground in showing how the United States and the U.S.S.R. fashioned their respective policies in the Middle East. The author gives particular attention to "military policy" in the form of arms transfers, minatory diplomacy, and on occasion actual deployment of combat forces—practices less likely to be rewarding in the future.

MAGHREB ET PALESTINE. By Jean-Paul Chagnollaud. Paris: Sindbad, 1977, 268 pp. Fr. 45.

A timely monograph showing the ways in which the Maghreb states—one actor and two witnesses, as the author describes them—looked upon the cause of the Arab Palestinians. Algeria, because of its own revolutionary experience, has been deeply engaged, Morocco and Tunisia only superficially.

POLITICAL DEVELOPMENT AND BUREAUCRACY IN LIBYA. By Omar I. El Fathaly, Monte Palmer and Richard Chackerian. Lexington (Mass.): Lexington Books, 1977, 122 pp. $12.50.

This volume, which contrives to contain a good deal of repetition within its slim girth, relates political and economic changes in Libya to those of political development and modernization but tells little about political forces and

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personalities or how Qaddafi's "popular revolution" really works. A public opinion poll in a rural area provides interesting data but tends to overwhelm the rest of the book.

THE ECONOMIES OF THE ARAB WORLD. By Yusif A. Sayigh. New York: St. Martin's, 1978, 726 pp. $50.00.
THE DETERMINANTS OF ARAB ECONOMIC DEVELOPMENT. By Yusif A. Sayigh. New York: St. Martin's, 1978, 181 pp. $18.95.

Yusif Sayigh has outdone all rivals in providing within one volume a comprehensive picture of economic development in the Arab countries from Morocco to Iraq since World War II. With its many notes and tables it is a valuable reference work. The companion volume on determinants of development provides interpretative commentary with conclusions that take account both of current debates about development in general and of the special political and social conditions of the Arab world.

Asia and the Pacific

Donald S. Zagoria

THE WIDENING GULF: ASIAN NATIONALISM AND AMERICAN POLICY. By Selig S. Harrison. New York: Free Press, 1978, 460 pp. $15.95.

Starting out with a general proposition that few would contest—that the United States has underestimated the force of nationalism—the author goes on to draw some arguable conclusions. To stay in tune with Asian nationalism, the United States should terminate all its bases in Asia, including Japan, end its commitment to Seoul and work to neutralize the Korean peninsula without waiting for the conclusion of a four-power pact, reduce its arms sales to regimes without "bona fide nationalist roots," and, in general, take a more "detached" posture in Asia. By holding out nationalism as the highest goal of all Asian regimes, Harrison fails to take into account a variety of other considerations—national security, balance of power, economic development—which also drive Asian governments and lead many of them to want the United States to take a less, not more, detached attitude toward Asia.

INTRA-ASIAN INTERNATIONAL RELATIONS. Edited by George T. Yu. Boulder (Colo.): Westview Press, 1978, 172 pp. $13.75.

A strong collection of essays on relations among Asian states. Robert Scalapino, in an interesting overview, concludes that a new "balance of weakness" is emerging in Asia. It results from the weaknesses of each of the major powers: the Soviet Union, China, the United States and Japan. But he is cautious about whether this "balance" leads to stability or confrontation.

CHINESE FOREIGN POLICY AFTER THE CULTURAL REVOLUTION, 1966–1977. By Robert G. Sutter. Boulder (Colo.): Westview Press, 1978, 176 pp. $15.00.

Drawing heavily on the analyses of Chinese Communist communications during the past 30 years by the Foreign Broadcast Information Service, Sutter throws fresh light on several aspects of Chinese policy, particularly on the dialogue with Washington in 1955–57 over Taiwan. The chapter on the ambassadorial talks in Geneva suggests that Peking demonstrated much greater flexibility over the Taiwan issue at that time than is generally assumed. It is particularly relevant to current discussions about the prospects for U.S.-China normalization.

OPPOSITION AND DISSENT IN CONTEMPORARY CHINA. By Peter R. Moody, Jr. Stanford: Hoover Institution, 1977, 342 pp. $14.95.

A timely study of dissent in China and how the regime deals with it. As the

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author himself observes, the study shows most clearly the limits of opposition to the system and, furthermore, the trend is *away* from serious opposition. In 1957, the "rightists" could still talk of a multiparty system; by the 1970s, dissidents speak only of a vague "democracy." But if a Western-style multiparty system is not in the Chinese future, change most certainly is. The main weakness of this book is its failure to prepare us for the quiet de-Maoization that is now sweeping China. The reason for this weakness is that the author does not distinguish carefully enough between revolutionary challenges to the system itself and "reformist" programs for change that emanate from within the elite.

DRAGON AND EAGLE: UNITED STATES-CHINA RELATIONS PAST AND FUTURE. Edited by Michel Oksenberg and Robert D. Oxnam. New York: Basic Books, 1978, 384 pp. $13.50.

"Instead of searching in vain for some tidy set of policy recommendations, the authors of this volume are convinced that the greatest need is for a new way of thinking about the relationship between the world's most populous society and the world's most affluent society." This group of excellent essays is particularly strong on the historical and cultural background to Chinese-American relations.

POST-MAO CHINA AND U.S.-CHINA TRADE. Edited by Shao-chuan Leng. Charlottesville: University Press of Virginia, 1978, 156 pp. $9.95.

A solid collection of essays on Chinese-U.S. trade prospects. Robert Dernberger is pessimistic about the likelihood of a significant increase in Chinese exports to the United States even considering the possibility of Chinese oil being exported to the United States or of China's being granted most-favored-nation status.

THE FOREIGN TRADE OF CHINA: POLICY, LAW, AND PRACTICE. By Gene T. Hsiao. Berkeley: University of California Press, 1977, 312 pp. $22.50.

Particularly useful on the organization of the Ministry of Foreign Trade in China and on Sino-Japanese trade relations.

CRISIS RESOLUTION: PRESIDENTIAL DECISION MAKING IN THE MAYAGUEZ AND KOREAN CONFRONTATIONS. By Richard G. Head, Frisco W. Short and Robert C. McFarlane. Boulder (Colo.): Westview Press (with the National Defense University), 1978, 300 pp. $20.00.

An extraordinarily detailed and informative study of the behavior of high-level U.S. officials in responding to the Cambodian seizure of the *Mayaguez* in May 1975 and the North Korean murder of two U.S. servicemen along the DMZ in August of 1976. Extremely useful to those interested in the day-to-day management of crises by the security bureaucracy.

PYONGYANG BETWEEN PEKING AND MOSCOW. By Chin O. Chung. University (Ala): University of Alabama Press, 1978, 230 pp. $10.00.

A judicious, meticulously documented analysis of the Sino-Soviet-North Korean triangle. With this book, Professor Chung has established his reputation as one of our leading scholars in this crucial area of contemporary international relations.

THE KOREAN WORKERS' PARTY: A SHORT HISTORY. By Chong-Sik Lee. Stanford: Hoover Institution, 1978, 167 pp. $5.95 (Paper).

A superb interpretive history of the Korean Communist movement in little more than 100 pages.

ISSUES IN JAPAN'S CHINA POLICY. By Wolf Mendl. New York: Oxford University Press, 1978, 178 pp. $18.50.

An outstanding work on Japan's China policy since the end of World War II.

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Comprehensive, balanced, well written, this book is particularly strong on the domestic sources of Japan's China policy.

JAPAN'S PUBLIC POLICY COMPANIES. By Chalmers Johnson. Washington: American Enterprise Institute/Stanford: Hoover Institution, 1978, 173 pp. $3.75 (Paper).

A provocative study of the government-business relationship in Japan and why it works so well. One clue is the Japanese government's skillful use of public corporations along the lines of the American TVA. Such corporations are one of the ways in which the world's second largest industrial society gets its public work done. Johnson concludes that the West could profit from Japan's experience. The Japanese government gets more for its money but actually spends less than comparable governments elsewhere, even though it plays a very active role in all phases of economic life.

THE INDIAN OCEAN: BIG POWER PRESENCE AND LOCAL RESPONSE. By K. R. Singh. Columbia (Mo.): South Asia Books, 1978, 336 pp. $15.00.
INDIA IN SOVIET GLOBAL STRATEGY: A CONCEPTUAL STUDY. By Jyotirmoy Banerjee. Columbia (Mo.): South Asia Books, 1977, 201 pp. $12.50.

These two books reflect continuing Indian interest and concern with the policies and military presence of the superpowers in the subcontinent and Indian Ocean area. Banerjee's conceptual study is less notable for concepts than for its relatively benevolent characterization of Soviet policy. Singh's study adduces many facts, interprets them rather freely, and points its arguments toward the goal of an Indian Ocean community not including the big powers.

J.C.C.

Africa

Jennifer Seymour Whitaker

BIKO. By Donald Woods. New York: Paddington Press, 1978, 288 pp. $10.95.

Steve Biko's death last September marked a watershed in South African history. Donald Woods' biography of the founder of South Africa's black consciousness movement was poured out in haste—and in defiance of government prohibition—to convey to the world his black friend's stature and his message. The resulting book is somewhat disjointed; but in the series of warm personal vignettes, reported conversations, writings and court transcripts Biko's strength and the personal freedom that made him a model for black self-liberation come through clearly.

CONFRONTATION: THE APPROACHING CRISIS BETWEEN THE UNITED STATES AND SOUTH AFRICA. By Martin C. Spring. Sandton (S.A.): Valiant, 1977, 181 pp. (Paper).
SOUTH AFRICA: SHARP DISSECTION. By Christian Barnard. New York: Books in Focus, 1977, 123 pp. $7.95.

These two books represent the most notable examples of South Africa's continuing effort to explain itself to the West. In his short book, South African journalist Martin Spring tries to convince "my American friends" that America needs South Africa, that significant changes in Pretoria's racial order might be made with suitable inducements, that outside pressure will only strengthen white South Africa's will to resist, and that South Africa really has several ways of being beastly to the United States if the Carter "ultra-liberals and ideologues" persist in confrontation. Valuable mostly as an illustration of one of the more liberal lines of South African official thinking. In Barnard's apologia, South Africa's star surgeon attempts to prescribe for an illness that seems beyond his powers even to diagnose: the antidote for South Africa's sickness, in his view, is a one-party state and "a society based on merit."

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A HISTORY OF RHODESIA. By Robert Blake. New York: Knopf, 1978, 435 pp. $15.00.

This important account of Rhodesian political development from its earliest African settlement to the present is based on ten years of evidently painstaking research. The approach of the author (whose biography of Disraeli offered another view of Britain's imperial past) is objective in tone but one-sided: although white Rhodesia's progress to its present impasse is recounted often with striking insight, the black nationalist perspective is almost entirely absent.

ROOTS OF A REVOLUTION: SCENES FROM ZIMBABWE'S STRUGGLE. By Ndabaningi Sithole. New York: Oxford University Press, 1978, 142 pp. $9.50.

BLACK FIRE! : ACCOUNTS OF THE GUERRILLA WAR IN RHODESIA. By Michael Raeburn. London: Julian Friedmann, 1978, 256 pp. £6.95 (Paper, £2.95).

Two narrative accounts of Zimbabwean nationalism. Written during his years in prison, Sithole's fictionalized depiction of black political activity in the 1960s focuses on the public *persona* of a black intellectual not unlike himself; its gentle set-pieces picturing black-white relations are highlighted by the trial of a black man whose crime is love for a white woman. Raeburn's vignettes of guerrilla organization and fighting are much tougher on both blacks and whites: five personal accounts by guerrillas convey the atmosphere of their painful and sometimes chaotic struggle and the frightened countryside in which it is waged.

NIGERIAN CAPITALISM. By Sayre P. Schatz. Berkeley: University of California Press, 1978, 306 pp. $19.50.

BRITISH BUSINESS AND GHANAIAN INDEPENDENCE. By Josephine F. Milburn. Hanover (N.H.): University Press of New England, 1978, 156 pp. $12.50.

In his definitive study of the Nigerian economy Schatz reaches into and beyond his formidable knowledge of that country's economic structure and evolution in a stunning analysis of entrepreneurship and the political and material environment for business that has broad applicability to other parts of Africa as well. Milburn's study, on the other hand, is devoid of careful methodology and its main contention—that foreign businesses acted as "economic innovators"—is scantily documented.

SCARCITY, CHOICE, AND PUBLIC POLICY IN MIDDLE AFRICA. By Donald Rothchild and Robert L. Curry, Jr. Berkeley: University of California Press, 1978, 365 pp. $15.75.

A political scientist and an economist offer an impressive overview of development alternatives essayed in East and West Africa since independence, and weigh various options regarding regional integration and interdependence with the West. They advocate a middle course combining the highest possible degree of national independence with the broadest possible range of economic strategies for dealing with the formidable problems faced by Africa's modestly endowed new nations.

AMERICAN POLICY IN SOUTHERN AFRICA: THE STAKES AND THE STANCE. Edited by René Lemarchand. Washington: University Press of America, 1978, 450 pp. $10.75 (Paper).

Many of the chapters in this volume were written for a conference which took place in February 1976; hence the inevitably historical focus and somewhat repetitive analysis of NSSM 39. The collection is distinguished by the contributions of Gerald Bender, William Foltz, and the editor himself.

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